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POLITICAL

GOLKAR's Role in Political, Economic, Social Development

92SE0046B Jakarta *SUARA KARYA* in Indonesian
21 Oct 91 p 5

[Text] The question which we asked in this column on 19 October seems to have been answered in the conclusions of the Third Meeting of GOLKAR [Functional Group] Cadres, the essential elements of which are contained in the 1991 political statement of the organization.

The political statement made public on 20 October at the ceremony celebrating the 27th anniversary of the establishment of GOLKAR contains the essential thinking which reflects the views of GOLKAR on a number of questions facing the nation at present and in the future, both in the field of political ideology as well as in terms of economic and social questions.

Regarding the political field, in the political statement GOLKAR declared its determination to improve the operations and role of the highest and higher state institutions. This will be supported by the increasing maturity and quality of the social and political forces, community organizations, and community self help institutions (LSM) which hold firmly to the values of the Pancasila [Five Principles of the Nation].

This GOLKAR view covers this principle by going into it in detail and on an overall basis. For to be faithful to the political culture of the Pancasila and the role and functions of the MPR [People's Consultative Assembly] as the highest institution of the state and high state institutions which truly reflect the functioning of Pancasila democracy in accordance with the basic norms contained in the Constitution of 1945, it will be necessary to give it more emphasis. Or, borrowing the phrase of General Try Sutrisno, the commander in chief of the Armed Forces, Pancasila democracy needs revitalization and updating.

Let us emphasize this point. On the one hand there is the rising level of education of the people and their greater political awareness as a result of development. On the other hand there is the process of globalization which, in itself, includes pressures for democratization. Democratic life in this country will encounter challenges which can make it vacillate at a time when the culture of Pancasila democracy has not yet achieved a format which can answer those challenges. It is in that context that improving the role and functioning of institutions at higher levels and infrastructure is a factor which will be truly decisive.

Meanwhile, regarding the economic sector, the GOLKAR political statement expresses the determination of that social and political organization to solidify economic democracy and prevent the creation of monopolies which harm the people or the emergence of economic forces which narrow the room for maneuver of

small and weak economic enterprises. This is an answer to a basic problem faced by the nation in handling internal and external economic developments.

For that reason it is highly appropriate to underline the determination of GOLKAR to press for the enactment of a law to protect small and medium sized enterprises. Leaving aside what its name may be, we have repeatedly mentioned the possibility of enacting laws and regulations against monopolies. This does not refer to monopolies held by the state which were made possible by the Constitution of 1945 in promoting the prosperity of the people to the greatest possible extent.

The enactment of a law of this kind must not be delayed. All economic forces should have a clear position for acting and developing themselves in the future. In addition, the existence of such regulations and legislation will ensure that business relationships are not only based on the "purity of heart" of large firms toward small firms, as is the case at present. Rather, these relationships would be based on and developed as a mutually beneficial system reflecting the kind of social solidarity which has often been mentioned. However, in fact, this impression tends to be eroded.

With special reference to the general elections of 1992 the GOLKAR political statement, which declared the determination of that social and political organization to improve the quality of implementation of the elections, in accordance with the principle of ensuring that they are direct, general, free, and secret, is a source of comfort and is also a challenge internally and externally. We say a source of comfort because, in view of GOLKAR victories in the four previous general elections, there are still those who say that those victories were not really fair. Therefore, we regard the 1992 general election as a challenge for GOLKAR and the two opposition political parties to moderate their competition so that the quality of the 1992 general elections will really be tested.

ECONOMIC

Projects Given Permission To Seek Foreign Loans

92SE0051A Jakarta *BISNIS INDONESIA*
in Indonesian 23 Oct 91 p 1

[Text] Jakarta (BISNIS)—The government has given the green light to 15 "megaprojects" to seek a maximum of \$5.1 billion in foreign loans on international capital markets.

The 15 projects are scheduled for the 1991-1992 to 1994-1995 fiscal years and do not include four megaprojects that were rescheduled two weeks ago.

The four rescheduled projects are the Chandra Asri Olefin Center, the Residual Catalytic Cracking (RCC) Project, Arun Aromatic Center II, and Dumai EXOR [Export-Oriented Refinery] IV. The four projects are valued at \$9.8 billion, including interest.

Of the 15 megaprojects permitted to "go international," three are scheduled for the 1991-1992 fiscal year. They are the Musi Refinery (South Sumatra), Kangean-Gresik Pipeline Project (East Java), and Bontang LNG [liquefied natural gas] Train-F (East Kalimantan). Their loan ceiling is \$1.5 billion.

Coordinating Minister for Economics, Finance, Industry, and Development Control Radius Prawiro, Minister of Finance J.B. Sumarlin, Bank Indonesia Governor Adrianus Mooy, and Minister of State and State Secretary Mardiono announced this after meeting with President Suharto at the Bina Graha yesterday.

For fiscal 1992-1993, the commercial loan maximum of \$1 billion may be used for only two projects: the West Java Pipeline Project/EXOR I and Paiton VII, which is an extension of the PLTGU [gas and steam electric power plant] at Paiton, Situbondo, East Java. The West Java Pipeline Project will transport oil fuel produced by EXOR Refinery I at Balongan, Indramayu, to cities in West Java, plus Jakarta and Cilacap. The Paiton VII PLTGU is to be built in East Java to expand electricity output.

In fiscal 1993-1994, the ceiling of \$1.2 billion will encompass only six projects. The projects will include the Paiton VIII PLTU [steam electric power plant] (East Java), which with Paiton VII will have a capacity of 1,200 MW [megawatts]. The other projects will be the Tangerang-Merak Toll Road (West Java), the Jakarta Outer Ring Road (Jakarta Special Capital Region), the Cikampek-Padalarang Toll Road, the Umbulan Drinking Water Project (East Java), and the Single Buoy Mooring Project at Cilacap (Central Java).

The Tangerang-Merak Toll Road is deemed essential for the expansion of exports from this area and for reducing shipping pressures at the port of Tanjung Priok. The Jakarta Outer Ring Road Project is for reducing traffic in the Jakarta Special Capital Area, and the Cikampek-Padalarang Toll Road is for supporting transportation of products from the Bandung area to Tanjung Priok.

The Umbulan Drinking Water Project in Pasuruan will supply drinking water for use in Surabaya, Gresik, and Pasuruan. The Single Buoy Mooring Project in Cilacap is for expediting transport of imported oil for the oil refinery at Cilacap. This oil is normally imported from the Middle East. These facilities will enable use of bigger tankers.

In fiscal 1994-1995, the ceiling of \$1.4 billion will cover four projects approved for offshore loans. They will be the 360,000-SST [telephone connection unit] Telkom Project; Balikpapan Refineries I and II (East Kalimantan), which are to add to production; and the "debottlenecking" project ("efficiency refinery") at Cilacap.

Radius said that projects entering international capital markets to get commercial loans are being limited to keep pressures on Indonesia's balance of payments from being too great.

"We still have several projects using IGGI [Inter-Governmental Group on Indonesia] loans, and these will proceed as planned."

Minister of Finance Sumarlin reported the results of the annual meeting of the World Bank and the International Monetary Fund, which he and Mooy attended in Bangkok last week. The meeting was dominated by discussions about reforms in the Soviet Union and Eastern Europe.

There was also discussion of international economic growth, which in 1991 has been very low. The 1991 growth rate of about 0.9 percent is the lowest since the 1982 recession. Growth in 1990 was estimated at 2.25 percent.

Electricity Projects Offered to Private Sector

92SE0047B Jakarta *SUARA KARYA* in Indonesian
21 Oct 91 p 4

[Text] Jakarta, *SUARA KARYA*—The government will offer additional opportunities to Indonesian and foreign companies from the private sector to invest their capital in the development of electricity generating projects if bids for the first phase of projects for private investment in the construction of electricity generators are accepted. And if private sector firms respect the principle of holding down the high cost of such projects, the government is convinced that private companies can still make profits, even though the electricity which is generated is marketed to the people through the PLN [State Electricity Corporation] at a price determined by the government.

Prof. Dr. A. Arismunandar, director general of the LEB [Directorate General of Electricity and New Forms of Energy], stated that at the present time the government will only offer five projects for private investment. The five projects include: the Tanjung Jati steam powered electricity generating plant (two generators, each with a capacity of 600 megawatts); a second steam powered generating plant in West Java (two generators, each with a capacity of 400 megawatts), the location of which is left to the investor; the Patuha geothermal generator (40 megawatts); the Wayang Windu geothermal generating plant (two generators, each with a capacity of 55 megawatts); and the Gambut steam powered generating plant in Pontianak [Province of West Kalimantan] (four generators, each with a capacity of 55 megawatts).

Arismundar made this statement when answering questions from the press in Jakarta on 19 October after attending the ceremony for the signature of a cooperative agreement between the PLN and the University of Taduloka Palu. The agreement was signed for the PLN by Engineer Ermansyah Jamin, its managing director, and Engineer Soleh Sulahuddin, M. Sc., and Prof. Dr. Masdji Amal Pagilingan, two rectors of the university concerned.

The director general of LEB did not go into details on how things stand with the project for the construction of units 7 and 8 of the Paiton steam powered generating plant, which is also of interest to the private sector. He only admitted that his office did not yet know how this would be handled. Arismunandar said: "After we know how electricity will be handled by private sector firms, there are five other projects for which we will invite bids." He is fully informed regarding the work of the team considering the generation of electricity by private firms.

In that connection about 148 companies obtained forms for submitting bids on the electricity projects from the LEB. About 60 of the firms expressed interest. However, only 30 companies returned the forms after filling them in. Arismunandar added: "When they expressed interest, possibly they had not carefully read the forms which they took to fill in. Only 30 companies were able to fill them in. Indeed, it is not easy."

The forms which were returned to the LEB will be examined by a team which is expected to screen them. Ultimately, five companies will be permitted to submit bids to compete for the five projects. It is expected that three companies will bid for each project.

Arismunandar refused to provide details on the names of the companies which will take part in the bidding process. He only indicated that all company groups will be represented in the bidding process. It is not known whether they will include Mitsubishi or General Electric. Meanwhile, from another source it was learned that Bakrie and Brothers Group, Nordic Power Invest NBI, PT [Limited Company] Astra International, and Murdaya Group will take part in the bidding.

Village Electricity

Ermansyah Jamin, the managing director of the PLN, said that at present the national electrification ratio of coverage is 33 percent. About 37 percent of the villages have electricity. Meanwhile, the level of per capita consumption of electricity throughout the country is 350 kilowatt hours annually. He said: "We know that all of our electrification projects will only affect the more technically developed parts of the economy."

Regarding the villages in particular, the electrification program will have a further influence on the social and economic sectors, the environment, education, and community life. The greatest emphasis in programs to electrify the villages is being placed on encouraging the use of electricity for more productive activities. Not for consumption.

He said that in the Province of Central Sulawesi the ratio of coverage is 25.8 percent at present. About 22.76 percent of the villages in that province have electricity. Meanwhile, the average per capita consumption annually in the province is 40 kilowatt hours.

In the Province of Southeast Sulawesi the level of electrification is even lower, just 18 percent. The number of villages having electricity is higher, about 25.63 percent. However, the average per capita consumption annually is only 28.95 kilowatt hours.

Participation in Opening New Ricefields Urged

92SE0047A Jakarta SUARA KARYA in Indonesian
19 Oct 91 p 5

[Text] On 16 October, during the celebration of the Eleventh World Food Day, President Suharto, after presenting an innovative concept involving the transfer of shares of stock in conglomerates to cooperatives, presented another striking idea. On this occasion the president asked conglomerates to help in opening up new, irrigated ricefields (under the extensification program) and then selling them to peasant farmers on an installment basis.

According to the president, the conglomerates, which have enjoyed the benefits of development, are not being asked to buy the ricefields. This is because, if they buy the ricefields, they would be taking away the livelihood of the farmers.

The president said: "The government has built many irrigation projects in preparing new agricultural land. However, the farmers cannot immediately make use of these new irrigation systems, giving the reason that they do not have enough money to build new, irrigated ricefields. This reason may possibly be true. For that reason it is hoped that the conglomerates will be prepared to help."

Many people were "surprised" at the president's proposal because up to now the opening of new, irrigated ricefields (extensification) has been considered the responsibility of the government and the farmers. However, since development funds provided in the APBN [national budget] are limited, it appears that the extensification program has not yet met its hoped for goals. Meanwhile, Indonesian peasants, who are generally farmers with marginal incomes, do not have the funds to pay for opening new, irrigated ricefields. This limitation of funds is preventing irrigation networks, a priority program in the implementation of the development program, from being used as fully as possible.

It would seem that it is to overcome the limitation on funds that the president has come forward with the proposal of inviting conglomerates to join in paying for the opening of new, irrigated ricefields.

There are those who regard the president's proposal as a positive development. There are also those who consider that it is not feasible. This is because opening new, irrigated ricefields which later will be turned over to the farmers is not a profitable form of business activity. And the failure of the PERTAMINA [National Oil and Gas Company] rice estates program in the 1970's appears to have had an impact.

Apart from that, there are many, technical aspects of the proposal which will not be easy to resolve. For example, will the opening of new, irrigated ricefields be carried out by the conglomerates themselves, or will they just provide the funds? Will providing the funds also involve money to develop the related infrastructure or not? Furthermore, how will loans to the farmers be handled, and who will bear the risk if later on it turns out that the program is not successful?

In short, there are many problems involved in the president's proposal. A way will have to be found to deal with them in the course of implementing the proposal.

To resolve the more technical problems, perhaps it will be necessary to form a kind of research and planning team, in which representatives of the conglomerates would be included. Based on the results of the work of such a team, a kind of authority could be formed later on which would carry out the president's proposal.

Subsequently, after the new, irrigated ricefields are turned over to the farmers, perhaps it will be necessary to form village cooperatives (if necessary, a special kind of village cooperative) to coordinate all aspects, including the marketing of what the farmers produce and installment credits.

So that this innovative proposal can function properly, perhaps it will be necessary to begin with trial projects. And perhaps it would be better if it were associated with the transmigration program. So that the president's proposal could become an operational program with the support of all groups concerned and the conglomerates, it must be supported with regulations and laws which deal with all groups involved. This would include a regulation which would provide assurances that the conglomerates and the farmers who receive loans will jointly earn the profits and will benefit from the project.

Upstream Industries Blamed in Increase of Imports

92SE0032B Jakarta KOMPAS in Indonesian 10 Oct 91 pp 1, 11

[Text] Jakarta (KOMPAS)—Upstream industries that produce raw materials and industries that make capital goods are still unprepared to support the rapid growth of downstream industries. As a result, the flow of exports of industrial commodities, while on the rise, lags far behind the growth in imports of raw materials and capital items, including spare parts. This is interfering with the balance of trade, because the foreign exchange earned by nonoil exports is depleted to pay for the imports.

Soeparno Prawiroadiredjo, director general for machine, basic metals, and electronics industries in the Department of Industry, said this on Wednesday [9 October] in reply to a reporter's question after the opening of the "Computer and Business Fair '91."

He said that the imbalance between exports and imports is a result of recent increases in investments, which have required large amounts of capital goods, spare parts, and raw materials. "Although this situation is natural at the beginning, it cannot be allowed to continue. It must be overcome right away," he said.

Data from the Department of Industry show that in 1989, for example, imports of capital goods, spare parts, and raw materials needed by all sectors reached \$12.4 billion. They rose to \$16.3 billion in 1990, while exports in 1990 totaled \$12.1 billion, only 8.36 percent more than in the previous year.

According to Soeparno, the important thing now for Indonesia is to develop its upstream industries first and secure its markets. Downstream industries have developed because its markets, particularly for exports, already existed. "For that reason, imports of raw materials and capital items needed for downstream industry products are no problem as long as the situation is not prolonged," he said.

The downstream industries that import capital goods and raw materials must be encouraged to sell their products quickly. If they cannot sell their products within two years, there will be a big problem with the balance of trade.

Still 93 Percent

Soeparno acknowledged that the expansion of capital goods industries, such as producers of machinery, is falling behind the rapid growth of downstream industries. Furthermore, the upstream industries that produce raw materials are behind because they are capital-intensive and need big investments.

Imported capital items include motor vehicles, which are being imported in increasingly large numbers to meet the big demand. "In this case, the government will try to stimulate the motor vehicle component industry," he said. In this way, it is hoped that the volume of imported motor vehicles can be reduced.

One upstream plant now in operation is PT [Limited Company] Inti Indorayon Utama, located in North Sumatra, which makes synthetic raw materials for textiles. Because textiles use a large amount of cotton, however, about 93 percent of cotton requirements are imported. The import figure for textiles therefore remains high.

Another upstream plant is the olefin factory being built in Merak, West Java, under an investment of \$2.5 billion. Olefin is a raw material for paint, premium gasoline, plastics, etc.

400 Megawatts

In the electricity generation sector, the government now permits private interests to import diesel generators for their own needs because of inadequate electric power supply from the PLN [State Electricity Enterprise].

Imports are expected to be large because of the size of the electric power demand in a number of rapidly growing industrial regions.

As an example, PT Jababeka in Bekasi intends to import a PLTD [diesel power plant] with a capacity of about 400 MW [megawatts]. The Jatiluhur PLTA [hydroelectric power plant], one of the biggest power plants in West Java, has a capacity of only 125 MW.

A consequence of more imports of diesel generators is increased imports of diesel fuel to meet demands that cannot be met by PERTAMINA [National Oil and Natural Gas Company]. PT Jababeka alone has permission to import 2.5 million kiloliters of diesel fuel. Dozens of industrial complex managers have submitted applications to the government for permission to import PLTD's, generally of large capacity, and the diesel fuel needed for them.

Not Trusted

Some of the required capital goods actually can be made within the country, and if industries would use them the great pressures on foreign exchange would be reduced. However, industrialists still do not trust capital items manufactured domestically, despite the claims of producers that these goods are the same as those made overseas. Prices are lower, too.

For example, textile manufacturer PT Texmaco, which makes finishing machines, has yet to find a buyer here. The price of its machine is only \$300,000, whereas the same machine made abroad costs about \$500,000.

Metal Corrosion Expense 1 Percent of GNP

92SE0032A Jakarta KOMPAS in Indonesian 9 Oct 91
p 8

[Text] Jakarta (KOMPAS)—Indonesia must spend more than \$1 billion, or 2 trillion rupiah, each year to combat corrosion and rust. This amount, which represents about 1 percent of the GNP [gross national product], is small compared with amounts spent for this purpose in developed countries like Japan, the United Kingdom, and Germany, who spend about 3.5 percent of their respective GNP's. In the United States, for example, corrosion costs in 1990 were \$180 billion.

Prof. Dr. A. Sulaiman, chairman of the LIPI [Indonesian Science Institute] Metallurgy Research and Development Center, presented this information Tuesday in a seminar entitled "Latest Concepts for Handling the Corrosion Problem in 1991," [8 October] at the rectorate of the UI [University of Indonesia] campus at Depok. Speakers in the 2-day seminar, held by the commissariat of the Physics Students Senate of the UI FMIPA [Faculty of Mathematics and Natural Science], included Prof. Parangtopo, Ph.D.; Budiman Abdullah; M. Idris; and Suprpto.

Sulaiman told KOMPAS that there has been no study on the extent of corrosion in Indonesia. Dr. d'Etat Suhardjo

Poertadji, chairman of the Physics Department of the UI FMIPA, said to KOMPAS that corrosion may be more prevalent in Indonesia than in other countries for a number of reasons. These include humidity and the fact that Indonesia is surrounded by salt water seas and lies in a hot, tropical region.

Furthermore, according to corrosion protection specialist Abdullah Budiman, since Indonesia is in a maritime region, many industries locate their plants and structures on the coast. "Because sea water evaporates, salt carried by the wind hastens corrosion," he added.

Year-round high humidity and hot sun also cause corrosion at industrial sites. Corrosion occurs even faster in areas where there are industries that use sulfur, acids, and alkali. Corrosion is serious in coastal and industrial regions.

Keep Costs Down

According to research in the United Kingdom, Germany, and the United States, corrosion costs can be reduced about 23 percent when anticorrosion technologies and techniques are applied correctly.

Sulaiman, who is also chairman of the Indonesian Corrosion Association, said that since the application of anticorrosion technologies and techniques involves many parties, there is often conflict of interest that makes solution of the problem more difficult and complex. Obstacles relate to money, equipment, expertise, and weak decision-makers.

The most important time to determine techniques for controlling corrosion is the design stage, when decisions are made on technology, materials, and equipment.

The design stage is the first phase in the processing of metals, beginning with ore and continuing to the handling of metals by industry.

Other technical stages are unit manufacturing, fabrication, transportation, storage, assembly, operation, and maintenance. Each of these stages affects the durability of materials and equipment.

"In high-risk industries, the early participation of corrosion experts is a necessity," Sulaiman said.

Without the early participation of corrosion experts, it will be difficult to retrace the history of materials and processing in many cases of corrosion and will make determination of corrosion control techniques a problem. In developed countries, structures made of metal are insured against corrosion. Insurance company representatives track these structures from the processing of metals to industrial construction.

When corrosion experts are involved from the beginning, there will be greater benefits from such things as the mastery of technology; and financial profits will be made because of faster construction and reduction of

costs. To do this, consistent political will is needed during implementation, Sulaiman added.

Fighting Corrosion

Corrosion caused by the environment (sea water, rain, soil conditions, bacteria, and sun) reduces the value of both metals and nonmetals and keeps these materials from functioning as they should.

The corrosion problem is faced not only by the industrial sector, but by the community and the public, mining,

energy, defense and security, and communications sectors as well. Corrosion can be overcome in a number of ways, including painting, application of protective coatings, cathodic protection, use of steel alloys, improved design, and treatment of the environment.

Protection from corrosion can be undertaken by such steps as selection of appropriate materials, application of protective coatings, use of anodic protection, control of environmental conditions, and use of inhibitors.

Protective materials that can be used include plastics and paints and metals like zinc, tin, chromium, cadmium, and nickel.

ECONOMIC

Vietnamese Officials on Trade Issues

92SE0045A Kuala Lumpur BERITA HARIAN
in Malay 17 Sep 91 p 10

[Interview with Vietnamese Deputy Foreign Minister Vu Khoan and Tran Huan Phoi, senior adviser to the Vietnamese minister for trade and tourism by BERITA HARIAN correspondent Hafifi Hafidz ; place and date not given: "Vietnam Wants To Learn From Malaysia"]

[Text] [Boxed item] To understand the philosophy behind Vietnam's economic development program, BERITA HARIAN correspondent Hafifi Hafidz interviewed Deputy Foreign Minister Vu Khoan, who is responsible for foreign economic matters.

Hafifi also interviewed Tran Huan Phoi, senior adviser to the Vietnamese Minister of Trade and Tourism, on the direction of Vietnam's foreign trade and on opportunities for Malaysian participation.

In this the second part of Hafifi's report, we are publishing the interview with Khoan and Huan Phoi. [end boxed item]

[Hafifi Hafidz] What is the next step in improving Vietnam's economy as the year 2000 approaches?

[Khoan] In its recent Seventh Congress, the Communist Party decided to continue Vietnam's policy of renewal and openness in order to encourage foreign investment. At the same time, we are introducing sectoral economics, something the congress leadership had never approved before.

From now on, the government will permit capitalistic business activity by giving opportunity for participation to everyone, whether individuals, joint ventures with foreigners, or small efforts by the community. We will also stop the practice of limiting the amount of capital that can be invested or the number of employees a company can have.

He will practice a market economy system. Everyone will be free to conduct business on the supply-and-demand principle, and the government will not interfere. The people, especially those in rural areas, will be permitted to operate freely without any interference from the government. Land ownership is absolute, and land may be inherited. The government will establish policies and regulations to ensure that businesses will meet the goals set for the year 2000.

[Hafifi Hafidz] Does this mean that the new government leadership wants to expand democratic practices despite the fact that Vietnam is known to have a communist system?

[Khoan] The government wants the Vietnamese people to live under prosperous and perfect conditions. We leaders will create a stable political atmosphere and will

resolve the various social and economic problems by encouraging the people to improve themselves. We will draw up laws based on their true desires. Our socialist system is being applied under a principle of renewal. The people are free to express their opinions as we issue new regulations and create the best possible atmosphere for their own good.

While we strongly encourage the people, we also trust foreign investors to participate and want to illustrate to them that we no longer shackle economic activity.

[Hafifi Hafidz] What steps is Vietnam taking to guarantee that the program to encourage foreign investment will be successful?

[Khoan] We will continue to create a healthier investment and foreign trade climate through a number of flexible policies. I am confident that as the year 2000 approaches our leaders will make a number of impartial efforts to establish trade with all interested countries and will not limit our ties to the Asian region alone.

Nevertheless, priority will be given to neighboring countries like Thailand, Malaysia, the Philippines, and Indonesia, for we have many things in common. The important thing is that every effort to improve trade should contribute to permanent regional security. We will draft policies that facilitate foreign investment, for through that alone Vietnam will be able to develop quickly.

In fact, since "Doi Moi" ["renovation"] was introduced, more than 300 licenses have been given to foreign companies to conduct a variety of operations. These include 10 of the world's foremost oil companies.

[Hafifi Hafidz] Vietnam's trade within this region is on the increase, while trade with communist countries has been declining. Is Vietnam trying to distance itself from them?

And why is Vietnam treating China well? Is there an intention to create a new communist trade bloc?

[Khoan] It is a fact that Vietnam's trade with the Soviet Union and other Communist countries is declining. We also do not any longer get subsidies from the Soviets. Let me say frankly that Vietnam should not depend on markets in just a few countries. It is no secret that communist countries are now facing crises.

We still have ties with the East Bloc because Vietnam is not a country that forgets its friends. We still remember the help given by the countries that are our traditional markets, but to improve our economy we need more trade partners.

Our efforts toward good relations with Peking are for stability and cooperation and not for the creation of a separate trade bloc. Such a bloc would not be beneficial, for we also have trade partners in Western Europe, the EC, France, Italy, Sweden, Denmark, Finland, Britain, Belgium, and Germany. We also have special cooperation with Australia in the telecommunications field.

[Hafifi Hafidz] What about Malaysia-Vietnam relations?

[Khoan] Vietnam sincerely appreciates its ties with Malaysia. People can see that we have good relations, because both sides are willing to take follow-up action rather than cease contact after a visit.

Investors and trading partners in both countries recently have visited each other. Many Malaysian companies, such as Sapura, now have sites here. PETRONAS [National Petroleum Company] is also conducting a joint oil exploration venture. As a country left far behind, we need the right direction for development; and it would be a bitter experience for us to fail. We look at the many advances Malaysia has made since its independence. Therefore, it would be good for us to learn from Malaysia and to follow its example in various things, including economic management.

We accept the fact that there are great differences in development in Malaysia and Vietnam. For Vietnam, learning from Malaysia does not mean that we will some day compete. Moreover, Malaysian leaders and people are known for their helpful attitude and for their struggle for higher standards of living and economic growth in the backward countries of the region.

[Hafifi Hafidz] Many Malaysian investors do not have a clear picture of prospects in Vietnam. They often hear of problems faced by investors in Vietnam, which is known for its bureaucracy.

[Huan Phoi] That view is correct. We have only just begun to follow an open market system, and we are still weak in disseminating information to attract foreign investment. It is hard for us to expect the spread of information about Vietnam's economic potential through the media, particularly the pro-American media.

Nevertheless, several countries in Asia, including Japan, Singapore, Indonesia, Laos, Taiwan, and others, are participating in our markets after taking initiative to get information. As an example, many reporters and a Japanese television crew have come to get a true picture of how to participate in our markets and invest in this country.

We have decided that Vietnamese embassies will not merely issue visas but will provide information and serve as special channels for entering Vietnamese markets. In fact, we are sending a trade commissioner to the Vietnamese Embassy in Kuala Lumpur this month to help Malaysian investors interested in entering our markets, as Malaysia has done through its consulate in Ho Chi Minh City. We also propose to hold more seminars and symposia in Malaysia to encourage trade.

I agree with your opinion about bureaucracy. As a former colony just entering an era of renewal, it is hard to eliminate bureaucracy quickly. Compared with five years ago, however, our situation is improving, and I guarantee that it will continue to improve.

[Hafifi Hafidz] May we assume that these relations will be a basis for the EAEG [East Asia Economic Group]?

[Khoan] We are prepared for that. We also approve of the Bali Agreement. The question, however, is whether all the other ASEAN members approve of our joining. There is no need for me to say which countries would reject our membership. Vietnam wants to join ASEAN because we are near and a part of the region. We appreciate Datuk Seri Dr. Mahathir's recommendation that other Indochina countries and Myanmar join ASEAN. In fact, we are ready for that and for a dialogue with ASEAN ministers. We also appreciate the efforts of Malaysia and other ASEAN countries toward speedy resolution of the Cambodian issue. As for the EAEG, we have supported it from the beginning as an arena for resolving trade obstacles in this region.

[Hafifi Hafidz] If Vietnam is successful in joining ASEAN, will that not cause special problems in relations with socialist countries?

[Khoan] Our position is clear, but any view we support can be changed or revised. Socialism is not Vietnam's main obstacle in establishing relations and friendships. Regardless of whether such relations are with capitalist countries, democracies, or whatever, the important thing is that these international ties should create a stable world and permanent peace.

[Hafifi Hafidz] Malaysian businessmen feel they are far behind other countries in entering Vietnamese markets. Is that true?

[Huan Phoi] That is not important, for the participation of other countries is in the form of business and not investment. Malaysia has not had any active participation in either sector. If Malaysian businessmen keep feeling that way, they will continue to be left behind.

In my opinion, the important thing is to make a start. Instead of their getting information from third parties, I hope they will be interested in coming to Vietnam to see for themselves how we provide facilities for foreign investors. It is the character of the Vietnamese people to do things face to face, because relationships are more easily formed in that way. Nevertheless, Malaysian businessmen should be reminded not to pin great hopes on us, because we have just begun to practice an open-door policy. But our businessmen are ready to learn things from Malaysia, which is gaining more recognition in the world.

[Hafifi Hafidz] Some people think that the risks of investment in Vietnam are too high, particularly in connection with things like politics and foreign relations. What is your comment?

[Huan Phoi] As a businessman, I can say that it is very important to acknowledge risks, especially those that are hard to evaluate. Nevertheless, there are times when we need to take a little risk for long-term advantage. Vietnam is now following a policy of openness, and

Hanoi is doing its best to stabilize the region from any unrest that could involve Vietnam.

We agree that any unrest will hurt and will affect the country's economic growth. Therefore, we are serious about resolving the Cambodian issue and restoring ties with China and the United States. We are drafting and revising a number of liberal policies to create an encouraging investment climate.

We realize that there will be no benefit from Vietnam's possession of so many raw materials and adequate manpower if the entrance of foreign investment and technology is intentionally curtailed. Coming back to risks again, everyone should understand that it is quite hard for a businessman to invest only when there is a guarantee of no risk.

Nevertheless, the Vietnamese Government guarantees that foreign investors will not have any problems, for we realize that their participation is not temporary but is for helping Vietnam enter a new era of development.

[Hafifi Hafidz] Many people believe that because of pressure from some groups of Americans, including the business community, the United States will withdraw its restrictions on trade with Vietnam. What is your opinion about that?

[Khoan] It is hard for Vietnam to believe it before a public announcement of the withdrawal of restrictions is made. It cannot be denied that the American people want their government to withdraw the restrictions. This is especially true of businessmen, who feel they are being left behind by the other world economic powers, such as Japan, that are so actively entering Vietnam.

It is hard for us to predict, since everything is in America's hands. Some American senators who recently met with me said they do not approve of continuing the restrictions. About 40 Americans conducted a demonstration march in Hanoi at the end of last month to protest the action of their government. We are doing all we can to restore relations between our two countries, including permitting them to set up an office in Hanoi to resolve the MIA problem.

Nevertheless, we can still live without American help, for we have close ties with other countries. We are experiencing problems, however, in obtaining loans from United Nations organizations for improving Vietnam's unsatisfactory infrastructure. For that reason, Vietnam will keep trying to attract foreign investors as a way to get funds for beginning infrastructure projects.

Manglapus: Treaty Not To Affect Economy

91SE0371F Manila DIYARYO FILIPINO in Tagalog
3 Sep 91 pp 1, 2

[Text] Secretary Raul Manglapus, of the Department of Foreign Affairs, at the first Senate hearing on the new treaty, conceded that the compensation offer from Washington would not be of significant value in the economic recovery of the Philippines.

Meanwhile, Representative Stephen Solarz, of the United States, declared that he was frustrated in his attempts to persuade those opposed to the extension of the military bases lease in the country.

Manglapus stated that \$103 million of the \$203 million compensation for the extension of the U.S. Navy's stay at Subic Bay Naval Station will go to the military.

The remaining 100 million dollars that President George Bush, in his letter to Malacanang, offered as debt relief, will be used to purchase debt papers (bonds).

According to Senator Wigberto Tanada, nothing will go to the people if the Senate approves the treaty, since almost all (of the money) will go towards the modernization of the Armed Forces of the Philippines, and towards payments on the foreign debt.

He also believes that some senators oppose the treaty because there are no assurances that the U.S. will pay the compensation.

Senator Ernesto Maceda also emphasized that the U.S. compensation offer might even be less because the U.S. Congress still has to approve whatever funds have been discussed.

Maceda mentioned that the \$220 million that the U.S. funded under the Philippine Aid Plan (PAP) in 1990 was reduced by \$60 million.

Manglapus made it clear that the country makes more from non-appropriation packages, such as quotas on garments, sugar, wire harness, and other agricultural products.

Senator Edgardo Angara said that the treaty does not state very clearly a fixed timetable for the withdrawal from the military bases in the Philippines after a 10-year extension of the lease.

Angara said, "We must be certain of the phase-out period of the installation, and that there will be no extension after ten years."

On the other hand, Senator Sotero Laurel questioned the legality of the treaty because the Constitution clearly forbids the possession, storage, and transportation of any kind of nuclear weapons in the Philippines.

Vice President Salvador Laurel called on the Senate to ratify the Treaty of Friendship, Cooperation, and Security for the benefit of the people.

In his speech during the committee hearing of Senator Leticia Shahani, Laurel emphasized that it would be much better to approve an unclear treaty, rather than to have no agreement at all to ratify, especially because of the difficult times that have been experienced, due to the consecutive calamities that have racked the nation.

Now, in relation to the debt relief, Manglapus denied that the Philippine foreign debt, particularly the official palace debt, will be cancelled.

According to Manglapus, the government will lose financial credibility if it will not honor the debt to foreign creditors.

Meanwhile, Solarz (Democrat, New York) stated that his former friendship with a certain government official has been renewed; however, he is frustrated in his mission to confer with the senators regarding the ratification of the entire agreement.

Solarz, chairman of the House Subcommittee on Asian and Pacific Affairs, arrived in the country last Friday in order to encourage the Senate majority to ratify the treaty. Before the committee hearing, it was learned that Jaime Cardinal Sin told him that the agreement will be approved; however, the position of Senate President Jovito Salonga against ratification of the treaty has been strengthened since then.

Before this, Executive Secretary Franklin Drilon told the demonstrators that the ratification of the agreement will be supported, because to do otherwise would be bad for the country, especially at this time, when nations want to get U.S. aid.

According to Drilon, "The remaining 10 months of the present administration will be invaluable, especially when it comes to economic and political matters. It is wrong for us to hint that we do not want the friendship of the U.S."

Other related incidents:

- Dr. Wilfredo Villacorta, a member of the 1986 Constitutional Commission, strongly opposes the extension of the American bases in the Philippines because of inconsistencies in the treaty, first of which is the lack of authority of the Filipino commandant at the bases.

- President Aquino gave assurances that the Philippine economy will not collapse in case the Senate throws out the entire business agreement between the Republic of the Philippines and the U.S. businessmen.

Mrs. Aquino said that the government has the capacity to stimulate the economy, even without U.S. aid.

- The conference of the Council of State, which was at first supposed to be held today, has been postponed till Friday in order to give the Foreign Affairs Committee of the Senate a chance to hear the testimony of some witnesses with regard to the extension of the bases.

Senator Joseph Estrada agreed to participate in the conference of the State Council, but he emphasized that his opposition to the treaty will not be changed.

- Representative Jose Rono (KBL, Samar) called for a national referendum on the ratification of the base agreement because the Senate does not have the sole power to pass judgment on such matters.

- The Chief Executive ordered Governor Jose Cuisia of the Central Bank (CB) to go to Washington in order to reach a complete, comprehensive debt reduction package after conferring with the 483 bodies of the commercial banks that do lending.

Taiwanese Wait Until 1992 Before Investing

92SE0043A Cebu City SUN STAR in English 4 Oct 91
p B-1

[Text] Taiwanese businessmen are holding back plans to invest in Cebu, at least until after 1992 elections.

Cebu City Mayor Tomas Osmena, who just returned from an official trip to key cities in Taiwan, said the wait and see attitude taken by prospective Taiwanese investors is borne out of a "natural apprehension," since investors still have to find out first what will be the economic policies of the new Philippine administration.

According to Osmena, the Senate's rejection of the RP [Republic of the Philippines]-U.S. Treaty of Friendship, Cooperation and Security is also causing some apprehension among Taiwanese business sector, the Taiwanese being pro-American.

However, the mayor said while the treaty rejection is a "big issue" in Taiwan, "it is not a critical issue."

Mayor Osmena said while it is true that Cebu has developed an image worldwide of being able to hasten economic growth apart from the general business slump experienced nationwide, Cebu could not isolate itself from the national political developments.

But even with the negative internal and external factors faced by the country within the last 12 months, Cebu's investment sector has still gone higher than what has been expected by the Bureau of Investments (BOI).

A third quarter report ending September showed that it has met 85 per cent of its P5 billion investment target for Central Visayas.

BOI would have been happy to meet only 60 per cent of the investment target.

Of the P4.4 billion in new and expansion projects, 90 per cent are situated in Cebu province, notably the P4.22 billion Millennium Industrial and Commercial Corp. which set up its plant site in Perelos, Carcar; and a P159.62 million expansion of disk drives manufacturer Cebu Mitsumi Inc. located in Danao city.

Aquino: Members Must Resign To Declare Candidacy

91SE0371C Manila DIYARYO FILIPINO in Tagalog
31 Aug 91 p 1

[Text] Yesterday, President Aquino reminded the cabinet members who have ambitions of becoming candidates in 1992 to resign early from their positions.

Mrs. Aquino made this announcement so that she herself could also prepare her "Agenda for Action" for the last 10 months of her administration.

Mrs. Aquino wanted to be certain, quite early, as to who, among her cabinet members, are still going to be working in Malacanang until June 1992.

The President emphasized that the aspirants from her cabinet had better resign now so that their alleged use of power and influence in their candidacies could be eliminated.

Two of the five cabinet secretaries who have already announced their candidacies have resigned in order to prepare for the presidential election in May 1992.

The first to resign was Executive Secretary Oscar Orbos, followed by Fidel V. Ramos, secretary of National Defense.

The President's announcement yesterday was directed towards the new Executive Secretary Franklin Drilon, towards Tomas Gomez III of the Balitaan (the name of a periodical literally translated as "News"), and towards Fulgencio Factoran of Likas na Yaman (the name of a periodical literally translated as "Natural Wealth"), all three of whom have ambitions of becoming senatorial candidates.

The President, in her announcement, stated, "I am hoping that some cabinet members will resign if they are going to run in the election, or if they want to go back to the private sector."

This Wednesday, President Aquino will release her "Agenda for Action" for the last 10 months of her administration.

The purpose of this agenda is to save money, by other means, in order to facilitate the costly improvements in the infrastructure within the remaining time of Mrs. Aquino's incumbency.

Possibility Fernan Will Resign, Become Candidate

91SE0371B Manila DIYARYO FILIPINO in Tagalog
31 Aug 91 p 10

[Text] There is a strong possibility that Marcelo Fernan will resign as chief justice of the Supreme Court in order to join the Liberal Party (LP), and to challenge the President of the Senate, Senator Jovito Salonga, for the party's nomination in the 1992 election.

An important LP member stated that Fernan has conferred with some party representatives in order to discuss his plan for entering politics.

The source requested that his name not be mentioned; among those Fernan conferred with are the following: Representatives Vicente Rivera (Bulacan), Felicito Payumo (Bataan), Rodolfo Valencia (Misamis, Oriental), Cornelio Maskarino (Davao), Licurgo Tirador (Iloilo), Alvin Dans (Basilan), and Socorro Acosta (Bukidnon).

According to the source, "Fernan is still reluctant to challenge Salonga; however, he is interested in running for the Presidency in the election."

The source added that Fernan feels confident about getting the party's nomination, after Salonga announced that he is prepared to give other aspirants a chance if the LP members will not support his own presidential candidacy in the election, but that this must be done in a clean convention.

Although the source was not (absolutely) certain that Fernan would definitely enter politics, he nevertheless stated that "more than ever, there is now a very strong possibility of it."

In this connection, the same source admitted that Senator Ernesto Maceda's departure from the party has created a big vacuum.

Maceda joined the Philippine Masses Party (PMP), which Senator Joseph Estrada, also an ex-LP member, founded.

The source added, "The LP could have most probably gained strong support from the voters because Estrada and Maceda are popular among the little people ('fish') or what are commonly called the bakya ('wooden slippers') crowds."

Government Spending Reaches 1.3 Trillion Pesos

*91SE0371A Manila DIYARYO FILIPINO in Tagalog
2 Sep 91 pp 1, 2*

[Text] The current administration has spent 1.249 trillion pesos since it took power in 1986.

This was announced yesterday by Senator Juan Ponce Enrile, as he severely criticized the slow pace of the President in improving the nation's economy.

According to Enrile, the Senate Minority Leader, Aquino's government has spent more than the total budget of the former administration.

In addition to the above is the 308.4 billion peso 1992 budget proposal which Mrs. Aquino sent to the House a few days ago.

The Senator said, "The present regime can spend all this (money) amidst the economic recession in the Philippines."

On the other hand, Enrile said that the government's per capita expenditures went down, especially on energy, (expenditure on) which reached only 3.59 pesos in 1989, which had been noted as 62.78 in 1981; on housing and community improvements, it went from 25.31 (1981) down to 11.91 (1990); and in the sector of the economy relating to government expenses, it went from 44 percent (1981) down to 22.02 percent (1990).

The Senator emphasized that merely the fringe benefits of the (government) officials, namely, to support their extravagant lifestyles, has increased in expensiveness and reached a level of 17.634 billion pesos.

According to Enrile, from 1986 to the end of this year, the government will have spent an estimated 7.9 billion pesos on the travel expenses of officials; 7.8 billion pesos for the maintenance of 45,482 vehicles, most of which are luxury cars; 1.1 billion pesos as discretionary expenses; and 702.22 million pesos as representation expenses.

The Senator also emphasized, "Because of these enormous expenses, the government cannot afford to hire more teachers in the public schools, or to build additional health-care centers."

Enrile mentioned that, based on government statistics, the Philippine economy will have an extremely hard time recovering, due to continuous dependence on imports, due to the decrease in the Gross National Product (GNP), and because of the increase in the trade deficit.

Enrile further stated that whatever importation took place in the last five and a half years served only to add to the wealth of some government officials.

In this connection, he proposed that in the coming elections, voters elect (only) those candidates who have wide-ranging experience, extensive knowledge, and the ability to face the economic problems.

The successful candidates must make sure that the Philippines have sufficient sources of energy for the industrialization programs, for the improvement of agricultural products, as inducements to foreign capital investment, and for job-creation for millions of Filipinos.

He also proposed that the President-elect abolish needless expenditures and the widespread graft within the government that continues to drain the limited wealth of the nation.

Finally, Enrile said, "It is high time that the nation be redeemed of its suffering, and that the desperate situation which existed in the past be remedied."

Truce Not Needed in Cebu; Rebels Not Fighting

*92SE0043B Cebu City SUN STAR in English 1 Oct 91
pp 5, 2*

[Text] Chief Supt. Triunfo Agustin, PNP [Philippine National Police] Recom 7 director, yesterday said a ceasefire between government forces and communist insurgents in Cebu is not necessary because the insurgents are not fighting.

He said the insurgents have not been able to put up a credible resistance against government operations in the counterinsurgency campaign here started.

None of the local officials in Cebu or in other provinces in Central Visayas has initiated peace talks with communist rebels, he added.

Agustin issued these statements even as the PNP Field Force last Sunday engaged armed men believed to be New People's Army (NPA) members for 10 minutes in Barangay Can-an, Tuburan, Cebu.

Although there were no casualties, government forces recovered a .38 revolver with four live bullets, several empty shells of a 5.56 ammunition and a Carbine.

The rebels reportedly withdrew toward Can-an River. Hot pursuit operations are going on, according to a report released by the PNP Recom 7 office.

The issue of a ceasefire regained attention when the CPP [Communist Party of the Philippines]-NPA earlier declared a unilateral ceasefire in anticipation of the Senate's rejection of the RP [Republic of the Philippines]-U.S. Treaty of Friendship, Cooperation and Security.

But the Armed Forces ignored the ceasefire, describing it as propaganda. This prompted the underground left to withdraw its unilateral ceasefire leading to the resumption of the armed conflict.

In Negros Occidental, however, local officials have initiated peace talks to put an end to the fighting.

CPP-NPA in Laguna Weakening, Crimes Decrease

*91SE0371D Manila DIYARYO FILIPINO in Tagalog
17 Aug 91 p 10*

[Text] It has been reported that the communist rebels in Laguna are growing weaker.

Yesterday, the Philippine National Police [PNP] in the province announced that it would be very difficult in

their jurisdiction for the New People's Army [NPA] to rise up again (in rebellion) as a result of the consecutive killings of rebel leaders in the past month.

The PNP also reported that the NPA has also been frustrated in its campaign to strengthen its rank and file.

It has been learned that there are many more young people in Laguna who are helping the authorities, rather than siding with the communist guerrillas.

In this connection, the PNP commandant in the province, Superintendent Virtuz Gil, announced that the crime rate in Laguna has also decreased. According to him, crime incidents in Laguna have gone down from 12.45 percent to 9.45 percent, and that Laguna is now the second most peaceful place in the nation.

Meanwhile, Gil was concerned about the news that the uprising that would begin in Laguna would become the signal for a much more widespread uprising of the military rebels.

Police Killed, Sparrow Unit Responsible

*91SE0371E Manila DIYARYO FILIPINO in Tagalog
28 Aug 91 p 9*

[Text] Gloria, Oriental Mindoro—A member of the Philippine National Police (PNP) was killed inside a cock-fighting pit, and a civilian was seriously wounded, in a shooting a few days ago; the culprit is not yet known.

The dead person was Patrolman William Tan, 38, single, of the Gloria Police Force, and the wounded civilian hit by a bullet in his stomach was Ray Jordan.

According to a police report on the incident, a .45-caliber revolver was used by the suspect, believed to be a member of the Sparrow Unit of the New People's Army (NPA) rebels. The above-mentioned policeman was hit in the back of the neck; the bullet came out through his mouth and then hit Ray Jordan.

According to eyewitnesses to the crime, the suspect had a companion who played "pool" in the store next to the cock-fighting pit.

After the shooting, the unidentified gunman also took away some .38-caliber service firearms and the wallet of the victim, which contained a large amount of money. Up to the present moment, members of the police force are still investigating the above case.

POLITICAL

Suchinda, Sunthon Comment on U.S. Bases*92SE0024C Bangkok SIAM RAT in Thai 21 Sep 91
pp 1, 14*

[Excerpt] [passage omitted] A reporter asked, If there are no American military bases in the Philippines, will this have any effect on this region? The RTA CINC [Royal Thai Army Commander in Chief] said that the withdrawal of the American bases will definitely have an effect, because American forces have been the main forces of this region.

After his meeting with the Philippine supreme commander, General Sunthon Khongsomphong, the Thai supreme commander, talked with reporters about the withdrawal of the American bases from the Philippines. He said that they had not discussed that and that he doesn't know if the American bases will be withdrawn from the Philippines. That depends on if the constitution of the Philippines is revised to allow the bases to remain. If the United States does withdraw its bases, that will definitely affect this region. The NPKC [National Peace-keeping Council] has not discussed this matter with the government.

The reporter said that there have been rumors that the American bases will be moved to Thailand. He asked if this is true. The supreme commander said that no one has approached him about that. But before we could allow American forces to be based in Thailand, we would have to get the opinion of the people and students. Otherwise, history might repeat itself, with students again demonstrating to drive the American bases out of Thailand. This is a very complex matter and so he can't say anything at this time.

Khukrit Comments on Khmer Rouge Unacceptability*92SE0024D Bangkok SIAM RAT in Thai 25 Sep 91 p 5*

[Column by Khukrit Pramot]

[Excerpts] [passage omitted] The infamous Pol Pot is known throughout the world as the person behind the killing of approximately 1 million Cambodians during the period that the Khmer Rouge controlled Cambodia.

The Khmer Rouge received both military and other forms of support from Vietnam. Then, after they seized power and began killing large numbers of people, Vietnam, which had always supported them, changed its position, realizing that it could no longer support them. Instead, it sent forces into Cambodia. After the Khmer Rouge fled, Vietnam set up a government in Phnom Penh. This was called the Hun Sen government, because Mr. Hun Sen was the first prime minister. He is still talked about today.

I sympathize with Vietnam. Because during the time that the Khmer Rouge controlled Cambodia and killed large

numbers of people, people throughout the world cried out that the Khmer Rouge were evil and barbaric and so on. But all they did was talk. No one actually took action to stop the Khmer Rouge. Vietnam was the only country to use force to suppress the savage power of the Khmer Rouge. After the Vietnamese sent troops into Cambodia, the Khmer Rouge fled and Vietnam had a chance to set up a new government. Without the support of foreign troops, that is, the Vietnamese military, that government could not have gained administrative power. But when Vietnam used military power to end the barbaric acts being committed by the Khmer Rouge in Cambodia, the world condemned Vietnam for invading Cambodia and refused to have any dealings with Vietnam. Actually, our world is very strange. Nothing is certain. [passage omitted]

I don't have to tell you where the Khmer Rouge went after fleeing Phnom Penh. They did not disappear. They set up bases along the Thai border from which they could launch attacks on the Vietnamese-backed government. They were joined by the Sihanouk and Son Sann factions. After the three factions joined together, the United States began providing unconditional support to enable these groups to fight the Vietnamese troops or Vietnamese-backed government. This support was given in the name of the United Nations, not in the name of the United States. [passage omitted]

In my view, the Khmer Rouge will be an obstacle in bringing peace to Cambodia. For one thing, the Khmer Rouge has done much evil, unless people think that killing a million people is not a sin. But in the world today, most people feel that it is impossible to forgive the Khmer Rouge for the atrocities that they committed in Cambodia. This feeling will make it difficult for countries in the world to accept the Khmer Rouge as a member of a coalition government in Cambodia. [passage omitted]

Phong Denies Culpability in Bankruptcy Charge*92SE0024B Bangkok THAI RAT in Thai 24 Sep 91 p 7*

[Excerpts] The Krung Thai Bank Ltd. filed charges against the Royal Mosaic Tile Export Company Ltd. Mr. Phong Sarasin, the former deputy prime minister, was named as a member of the company's board of directors. The bank filed the charge with the Civil Court on 20 September. The plaintiff asked the court to declare the defendant bankrupt from assets of 4,357,749 baht. [passage omitted]

Mr. Phong Sarasin, the former deputy prime minister, who has been named in the complaint, said that the reason why he has been named as a member of the company's board is that he is a member of the board of the Thai Commerce Bank, and he had to serve as a board member in his capacity as a creditor. But he said that he was not involved in the company's administrative activities in any way. Citing his name was improper. This matter took place more than 10 years ago and so he doesn't understand why he was named in the complaint.

"The Krung Thai Bank asked that the company be declared bankrupt. It didn't ask that I be declared bankrupt. For those who know me, this isn't a problem. But people who don't know me may think that I am having problems, which is not good for me. I hope that this will be explained so that people understand things correctly," said Mr. Phong.

Bank Seeks To Declare Phong Sarasin Bankrupt

92SE0024A Bangkok THAI RAT in Thai 21 Sep 91 p 7

[Text] On 20 September at the Civil Court, the Krung Thai Bank Ltd. filed a complaint against the Royal Mosaic Tile Export Company Ltd., one of whose board members is Mr. Phong Sarasin. It asked the court to declare the company bankrupt from assets of 4,357,749 baht. The complaint stated that the defendant owed the plaintiff three separate debts: 60 million baht in accord with a contract signed 25 November 1974; 3.6 million baht in accord with a contract signed 12 May 1976, which, counting both principal and interest to 21 September 1981, comes to a total of 117,654,534 baht; and finally, 720,000 baht in accord with a contract signed 22 March 1977.

Besides this, the defendant was also in debt to the Laem Thong and Thai Commerce banks, the Industrial Finance Corporation of Thailand, and the Thamrong Finance Company. The defendant pledged land in Khok Yae and Huai Sai subdistricts in Nong Kae District, Saraburi Province, a tile production plant, and 213 pieces of equipment as collateral to its creditors. But later, the plaintiff and the other creditors filed a complaint against the defendant. Finally, the defendant was forced to liquidate these assets to pay the debts owed. But the defendant still owes the plaintiff 720,000 baht based on the contract signed 22 March 1977. Thus, based on the amount of interest accumulated to date, the defendant owes the plaintiff the amount as charged. Because the defendant does not have any assets with which to pay the plaintiff, the plaintiff has asked that the defendant be declared bankrupt.

Editorials Comment on 'Green Northeast'; NPKC

Project's End Criticized

92SE0025A Bangkok DAILY NEWS in Thai 26 Sep 91 p 5

[Editorial: "Why Has the Green Northeast Program Ended?"]

[Excerpt] A new report that has greatly surprised people in general is that the minister of interior, who also holds the position of deputy RTA CINC [Royal Thai Army Commander in Chief], has announced that the Royal Water Program, or Green Northeast Program as it is called, will end in 1992. The Army is responsible for this project, and various ministries have been providing support. He said that the program would end because it has hit the targets. People are suspicious about this,

because they think that there must be something behind this. Otherwise, why would this project, which has been proceeding well, be ended?

His statement that the program has hit the targets surely doesn't mean that the people in the northeast are all living well now, that there is now an abundance of water, or that there is no longer any need to promote work here. It's like one of our national economic and social development plans. These are five-year plans, but reaching the end of one of these plans does not mean that there is no need to implement another plan. Actually, things must be carried out on an on-going basis.

It is well known that the Green Northeast Program was the idea of the king, who asked the former RTA CINC to implement this. The former RTA CINC took action immediately in accord with the wishes of the king, and this program became part of the government at that time. But now that the former RTA CINC has resigned from government service in order to engage in politics, some people may think that this program will win votes for his political party. If this is correct, this is very sad. Those people have a very narrow world view. Why don't they think about the interests of the people and the nation? [passage omitted]

Project Seen as Duplication

92SE0025B Bangkok MATICHON in Thai 27 Sep 91 p 8

[Editorial: "Duplication of Effort"]

[Excerpt] [passage omitted] Ever since the Green Northeast Program first got underway, there have been complaints that it duplicates the work of the government units directly responsible for development work, such as the Forestry Department, the Irrigation Department, and the Department of Fisheries of the Ministry of Agriculture and the Office of Accelerated Rural Development of the Ministry of Interior. Budget funds have already been allotted to these units. Thus, the Green Northeast Program is just wasting money by duplicating the efforts of these other units. This has been the criticism even since this program got underway.

But besides such complaints, one subdistrict chief, who is the president of the Northeastern Association of Subdistrict Chiefs and Village Headmen, said frankly that the military should end its role in developing the northeast and let civilian units, that is, the Ministry of Agriculture and Cooperatives and the Ministry of Interior, carry on things. Because if civilian units handle things, the subdistrict chiefs and village headmen will be able to express their opinions and say if things are being done correctly. But if the military does things, people won't dare express their views.

Thus, regardless of why the Army plans to end its role in the Green Northeast Program, whether for political

reasons or for some other reason, the end result is the same. That is, this will stop the duplication. [passage omitted]

Attacks on Opposition Criticized

92SE0025C Bangkok DAILY NEWS in Thai 27 Sep 91
p 5

[Editorial: "To Whom Does the Country Belong?"]

[Excerpts] [passage omitted] Some people charge that those who are calling for the creation of a democratic form of administration and the promulgation of a democratic constitution are people who want to stir up political turmoil and that they do not have good intentions toward the country. But that charge is wrong. Because if people wait until after the constitution has been promulgated, it will be too late to make changes. People will say that it is now too late to complain and ask why they didn't speak up when the matter was still under consideration. [passage omitted]

A group of people has seized power. They claim that they want to create a truly democratic administrative system. Those who love their country and who love democracy must monitor things to see if they really are trying to create such an administration. People should not sit by idly and allow the NPKC [National Peacekeeping Council] to do what it wants and then say: This is a democratic form of administration. Simply allowing elections to be held does not mean that we are a democracy. If the term democracy is viewed in such narrow terms by those who have "voluntarily" come forth to create a democracy, this will just be a waste of time. They won't be able to keep people from thinking that what happened at the end of February was wrong and that it had nothing to do with helping the country.

ECONOMIC

Ex-Advisor Comments on U.S. Trade Policy

92SE0022A Bangkok MATICHON in Thai 23 Sep 91
p 3

[Article by Dr. Surakiat Sathianthai, deputy dean for foreign relations, Faculty of Law, Chulalongkorn University]

[Excerpts] Articles in the press have frequently stated that in Thailand's present situation, maintaining good relations with our important trading partners is very important. The United States is one of Thailand's very important trading partners. The purpose of this article is to point out things that will help improve relations with the United States. I will use one American unit as an example of how to do this.

Two weeks ago, the press reported that Thailand's minister of commerce, Mr. Amaret Sila-on, went and met with important people in the U.S. Administration and members of Congress. This reminded me of an American

unit whose importance has been overlooked. I am referring to the U.S. Department of Commerce.

Some people may wonder why the Government of Thailand, from the administration of Prime Minister Chatchai to the present administration, has attached more importance to the Department of Commerce than previous administrations. Because as people know, it is the U.S.T.R., or Office of the U.S. Trade Office, which is presently headed by Mrs. Carla Hills, that is directly responsible for handling trade problems. Thus, it doesn't seem that our trade problems have anything to do with the Department of Commerce. Why, then, have we had to hold ministerial-level talks with the Department of Commerce? Why was it necessary to form a Joint Thai-U.S. Commercial Commission two years ago? This commission, which is headed by the Thai minister of commerce and the American secretary of commerce, has not held even one meeting since it was established. Are they serious, or have we been tricked? The hidden reasons are as follows:

1. Conflict avoidance: Thailand has always relied on this stratagem. For example, if our political ideals differ from those of another country, in dealing with them, we tend to focus on economic matters. The Indochina countries are a good example. It's difficult for us to discuss matters having to do with administrative systems. But we both talk the same language when it comes to trade and investment. That is, both sides want to develop. But in the case of the United States, just the opposite is true. With respect to political matters and administrative systems, we get along fine, because we both believe in the democratic system. But we frequently have disputes on trade issues. Thus, we frequently discuss political matters with them. But on the economic front, everyone knows that there are trade, investment, and other problems.

Because there are trade conflicts, let's look at the investment front. It can be seen that the United States has great interests in Thailand. This includes oil drilling and production, the technology that is used in various industries, such as natural gas separation, and production in various sectors. There have never been serious national conflicts on this front as there have been on the trade front, such as the GSP [Generalized System of Preferences] and Article 301 issues.

Who is responsible for America's investment policy? The answer is the U.S. Department of Commerce. Thus, people began thinking of how to improve high-level relations between the ministers responsible for investment. For Thailand, this includes the minister attached to the Office of the Prime Minister, who is responsible for monitoring petroleum matters, the BOI [Board of Investment] and tourism, and the minister of industry. This led to policy-level talks between those responsible for investment matters, with the first talks held two years ago.

All of this shows that Thai-U.S. economic relations have several dimensions. When economic matters are discussed, people's shouldn't think only of trade retaliation, because the many other sectors that benefit the peoples of our two countries will be ignored. This is why we have turned to using the conflict avoidance strategy, which involves the U.S. Department of Commerce.

2. Foreign investment is very important to the United States: [passage omitted]

In the American political system, we can't expect their senators and representatives to know much about Thailand or be aware of Thailand's economic importance to the United States. Each member of Congress must serve the people who elected him or her. Thus, because we are focusing on investment issues, those senators and representatives who are interested in investment issues or whose constituents have investments in Thailand will have to focus more attention on and attach greater importance to Thailand.

If a clear and concise policy is implemented, more and more people will write letters to the U.S.T.R. expressing support for Thailand. There won't be just letters criticizing Thailand for infringing on copyrights and patents. For this reason, now that we understand their political system and are aware of what they want and what is in line with our interests, we should forge closer ties to the Department of Commerce, because it has a good knowledge of investment issues.

3. The U.S. Department of Commerce is a member of the Inter-Agency Coordinating Committee: [passage omitted]

In the past, the State Department and the Security Council helped Thailand on trade issues, arguing that the United States should not be too tough on Thailand. But the U.S.T.R. has always taken a tough position, because that is its duty.

Thus, the question is, What can we do to get the Commerce Department to understand us and get them to attach greater importance to us and help us reduce the problems? We must stress the importance of investment, because investment matters are the responsibility of the Commerce Department.

4. The Commerce Department is responsible for collecting protectionist tariffs and countervailing duties: [passage omitted]

If we have close high-level relations, we probably won't lose anything in the negotiations on these protectionist tariffs and countervailing duties.

5. The U.S. secretary of state is a man of great prestige:

In the American political system, the political parties are just as important as other institutions. Those who follow American politics know that the secretary of commerce, Mr. Mosbacher, is a close friend of the President. He

comes from Texas and has much experience in investment matters. He is also a very talented person. [passage omitted]

Summary:

I think that the U.S. Department of Commerce has great importance with respect to the economy of Thailand. It wields influence both directly in terms of investments in Thailand and protectionist measures that could affect Thai exports and indirectly in terms of helping to resolve the various trade problems. It plays a role, both officially and unofficially, in various matters with which we are not familiar.

I don't think that we will be tricked if we try to cooperate more closely with them. The sad thing is that we will not have a chance to grow closer to them before they change secretaries. We, too, have made changes, and we have not been sure about the importance of this department. Thus, we have tended to ignore them. However, even if they change secretaries, the structure of the department and its role will remain unchanged. A joint commission was established about two years ago. This stemmed from the preparations made by officials in Thailand's Ministry of Foreign Affairs, Ministry of Commerce, and other sectors. President Bush mentioned this during a meeting with Prime Minister Chatchai, who asked when this commission would be formed. He asked if it could be formed immediately and said that talks should be held right away. He said that it could focus on the things that are not problems and try to solve the issues that are becoming problems, including issues within the sphere of the U.S.T.R.

In any event, we will have another stage on which to discuss things with the United States as equals to the benefit of both sides. Even though it may not be possible to solve all the problems, at least we will have more choices when it comes to forums for discussion. The question is, Do we understand these strategies and can we make good use of them?

The importance of the Commerce Department as discussed above is just an example to show that if we have knowledgeable people in the various units, we should make use of them and try to understand the legal and political systems of our important trading partners so that we can devise new strategies or initiate new contacts that will benefit our country in terms of both image and real cooperation. The present government has taken good action on this.

But given the economic situation of the world and of countries that are not enthusiastic and in which our economic relations with superpowers are not as close as we would like and in which there is the possibility of retaliation, finding a new role for our country, looking for new ways to forge good cooperation, and seeking new ideas and forms for establishing contact are very important and urgent to the well-being of the Thai people. Everyone must do even more. Simply making an effort is not enough.

Industry Minister on Vietnam Gas Agreement*92SE0022E Bangkok SIAM RAT THURAKIT in Thai 23 Sep 91 p 8*

[Excerpt] [passage omitted] After returning from a trip to Vietnam, Mr. Wira Susangkonkan, the deputy minister of industry, said that Vietnam has asked to postpone signing the agreement on purchasing gas produced from the Sua Khao, My Yai, and Mangkon sites. Vietnam has asked for time to study the details. Mr. Vo Van Kiet, the premier of Vietnam, will discuss this matter with Thai officials during his trip to Thailand in October.

Mr. Wira said that even though the signing of this agreement has been postponed, we don't expect any problems in reaching an agreement. Thailand has hired an advisory engineering company to coordinate things in Vietnam. As for the My Yai gas site, it's very likely that Vietnam will allow Thailand to invest jointly in the development of this site. But Vietnam has a problem, that is, it does not have any money to invest jointly with Thailand. He has proposed that Thailand invest in the development of this gas site by itself. The profits would be shared equally, with the investment expenses taken out later. The gas produced will go to Vietnam first. If there is a surplus, it will be used in Thailand.

"As for the Sua Khao and Mangkon sites, Vietnam wants Thailand to participate in building a power plant and a 1-million ton fertilizer plant. But Vietnam lacks investment capital and wants Thailand to find loan sources. I told them that I would contact Japanese banks and ask them to provide low-interest loans to them. As for the fertilizer plant, I told them that Thailand would build a plant with a capacity of only 400-600,000 tons in order to reduce investment costs."

Mr. Wira said that besides energy, Vietnam is interested in having Thailand serve as a center for the sale of rare minerals such as Himonite Monazite. Vietnam has large quantities of these minerals, but it does not have a distribution market. And Vietnam would be glad to let Thailand purchase these minerals for resale. He reached an agreement in principle on this with Vietnam. Besides this, Vietnam asked him to help find loan sources for the Vietnamese Government so that the government can purchase uncut gemstones from the gem mines in the country. This will help solve the problem of the mines secretly selling gemstones to foreigners. The Vietnamese Government has lost much money because of this. He said that he recommended a Belgian bank, which specializes in loaning money for investment purposes.

Business Group Wants Better Cambodia Trade Ties*92SE0022C Bangkok SIAM RAT THURAKIT in Thai 26 Sep 91 pp 7, 8*

[Excerpt] [passage omitted] Mr. Bunsong Somchai, the president of both the Zone 2 Chamber of Commerce and the Prachinburi provincial Chamber of Commerce, said that trade between Thailand and Cambodia along the

Prachinburi-Cambodian border has begun to increase now that Cambodia has begun to solve its internal problems. Also, the Cambodian Administration is looking for a way to form a government in accord with the resolutions stipulated by the United Nations. As a result, the Thai-Cambodian border trade problems are declining. Thai Government units have relaxed the restrictions imposed on the trading activities of the merchants and peoples of the two countries at Ban Khlong Luk in Aranyaprathet District, Prachinburi Province. People and merchants from either country can cross the border as long as they return the same day. Each day, at least 3 million baht worth of goods are bought and sold. The most heavily traded goods include consumer goods such as laundry detergent, prepared noodles, soap, toothpaste, and soft drinks. Cambodia needs building materials such as cement, galvanized iron, and steel rods.

Now that the fighting in Cambodia is dying down, many countries are showing an interest in investing in Cambodia. This includes Japan, Hong Kong, Singapore, Taiwan, and Korea. Some countries are particularly interested and so they have taken steps to forge relations in advance. Thailand, which borders Cambodia and whose culture is similar to that of Cambodia, should make a greater effort to contact and establish trade relations with Cambodia, because Thailand has an advantage over other countries.

Mr. Bunsong said that from studying the data on trade between Thailand and Cambodia, it can be seen that Cambodia is a poor country. It does not have much purchasing power. But Cambodia is now receiving foreign aid in order to develop its economic system, which will give it greater economic security in the future. Thus, Thailand should take steps to solve the border trade problems. Thailand should expand investment in Cambodia. We should give particular attention to the goods that Cambodia lacks and that will help increase its purchasing power, because Cambodia has great labor strength and many resources. More border trading points should be opened.

At a time when many countries are beginning to show a greater interest in investing in Cambodia, Thailand should build a foundation for trade and relations with Cambodia before Cambodia establishes a new government so that Thailand does not lose this chance to expand trade in a neighboring country.

Thailand should hold talks on trade conditions for both the public and private sectors. Or the government should help the private sector take action in place of the government. The government's position should not be a factor.

Gas Exploration in Cambodia

92SE0022B Bangkok MATICHON in Thai 25 Sep 91
p 21

[Text] Mr. Wira Susangkongkan, the deputy minister of industry, said that the European Derpettho Company of France has reached an agreement in principle with the Petroleum Exploration and Production Company on participating in a joint venture to conduct surveys and develop natural gas sites in areas to which the Cambodian government has granted concessions. The contract will be signed on 3 October. The Petroleum Exploration and Production Company will own at least 20 percent of the shares.

Minister Discusses Export Policy

92SE0021A Bangkok MATICHON in Thai 23 Sep 91
p 5

[Interview with Deputy Minister of Commerce MR [Royal Title] Pridiyathon Thewakun by MATICHON; place and date not given]

[Text] After he was appointed to the position of deputy minister of commerce, MR [Royal Title] Pridiyathon Thewakun got the job of devising a plan for exports. MATICHON had the opportunity of interviewing him about the details of this plan and would like to present them as follows:

[MATICHON] What is the purpose of this plan for exports?

[Pridiyathon Thewakun] First we looked at those things which the Export Assistance Department had been doing already. We found that its activities had been very effective throughout the world. These activities could be divided into three stages: 1. to establish contacts with officials and private parties abroad, 2. to bring our people to meet them or bring them to meet us, and 3. in countries where these two stages have been passed, to begin to increase trade and to check to see what kind of trade could be developed further. If activities at these three levels are pursued thoroughly everywhere, I am convinced that in six to seven months if we keep it up we will achieve results in these six months and probably on a continuing basis. Therefore I looked at every point on the globe and every continent. Then we went to open doors. The old plan did a satisfactory job with regard to centers and offices. What we will have to look at is what comes next.

In any case what is certain is that there will be trade blocks and free trade zones as for example the joining together of Canada, America, and Mexico. We have opened the door to Canada and America already, but we still have not penetrated Mexico which is a source of low quality goods for North America. We have an opportunity to send more semifinished goods and other goods there. When one looks at the figures for our trade with

Mexico, the value of Thai exports there is increasing. This is an opportunity for penetration we cannot afford to forget.

[MATICHON] Does this show that we were not interested in the past?

[Pridiyathon Thewakun] We were interested, but from now on we must really get to work. In the past they opened centers and [provided] trade consultants. Commerce Minister Amaret has applauded this. Now we must quickly reach the second stage.

[MATICHON] Have any targets been set for Mexico?

[Pridiyathon Thewakun] I have not set any numerical targets because they would not help. I have no way of knowing what they should be six months from now. What we want is to build quickly a second stage relationship because this is an opportunity for access to North America. As for South America we looked at many countries; in the end we made Panama our important location. Some said that Panama was very small, but its trade figures are surprising because it imports goods and ships them to other points. This could be called a distribution center.

In general the procedures for importing goods into Panama are quite free which is why merchants go there. But if we were to open some sort of a trade office, we would have to think about it again. The representatives who went with Commerce Minister Amaret to America studied the situation again and will return to explain the situation without making it a big issue. I do not want to achieve results - I want to make sure this happens and then the new minister can continue on.

As regards Western Europe (EC) we have locations everywhere. For example in Rotterdam we are building a distribution center. We are beyond stages one, two, and three there - we have reached stage four inasmuch as distribution centers are suitable there for the large lots sent for distribution to other locations as needed. The distribution centers help facilitate small orders. These centers fill the small orders from other points as needed. From Rotterdam we can distribute to many cities and countries because there are many international merchants there.

What we will look at is whether there are other important importation points where we do not have trade centers. After we talked with the leaders [of the group of trade representatives], it was agreed that we should have a trade center in France within six months. We just have trade consultants there now, which is not sufficient. We will probably choose Lyon or Marseilles. We will start as soon as we make the choice because we have the personnel.

In addition the EC has another interesting location and that is Bremen. It is a port north of Hamburg in Germany. It is interesting because it is a second distribution center. But we will not hurry here. We will see

what happens at Rotterdam. We will probably begin operations in Rotterdam at the beginning of next year. If we are successful there, we will recommend that another location be set up in Bremen. I will try to look at both these because although trade is done by private parties we open the way and help out.

There are other locations in the EC which we generally forget about promoting even though we conduct trade there already and those are the Nordic countries, which include Norway, Denmark, Sweden, and Finland. These are interesting locations because there is still no trade center there. However I am primarily interested in: 1. countries with a great deal of buying power, 2. the value of Thai exports. It would appear that we could not increase this further, but on reconsideration there are opportunities if the goods involved are of higher quality. We will have to get samples of the goods in question to examine and then design something to try on the market. I will use the market to test this new concept and will use the trade centers to open markets for the high quality goods. It is not enough that we have the samples; we must think about market preferences and develop the products further. This could be like a dream.

But if this dream comes true, our country will go far because it will be moving on its own. I believe that merchants have been looking at this concept already. It will not do any harm if we help here also inasmuch as we have been looking at it every day. It is not a new concept, but we must make it more explicit. The centers which have been set up will stress this concept in particular.

As for Eastern Europe, it does not have the great buying power of Western Europe. We must choose a suitable location which has the potential for trade expansion because now they want our consumer goods and we want their raw materials, but their buying power is limited and so we must sell to them little by little while they expand. This will give us some trade contacts.

[MATICHON] Why have private parties in Thailand not been interested in this market?

[Pridiyathon Thewakun] Perhaps because the quantity of trade is small. In any case the Ministry of Commerce looks at it from the point of view that even if there is not much interest shown by private parties, they must know that three countries of Eastern Europe, Poland, Hungary, and the Republic of Czechoslovakia, will do better than the other countries in the area. Therefore we must go there to barter because in the end we will be going to the other countries of Eastern Europe.

[MATICHON] Why have we not stressed Russia as a large market?

[Pridiyathon Thewakun] We cannot sell there because of their buying power alone. And one must consider what units or institutions there are and what procedures they employ to facilitate free trade. The three large countries mentioned are more advanced than Russia. Russia's problem is that its system is not as compatible with free

trade as that of the three countries mentioned, and it has a long way to go. It would be better to continue on our present path and then expand there when they open up more.

This leads us to Africa. We have looked at Africa, and there is a great deal of demand there, but we are still not certain what they might want from us because many of our goods pass through Europe and then on to Africa. As for where we should begin, we should probably send some people there to study the situation beforehand. This must be in a location where there are large-scale merchants from every country. I will try to complete this and come to a decision within the government.

[MATICHON] How large a market is Africa and how would goods be distributed there?

[Pridiyathon Thewakun] It will not be as large as Europe, but North Africa is a larger market than Eastern Europe already. South Africa has a great deal of money because of its diamond mines. It is clear that South Africa is a gateway for distributing goods to other countries with buying power. There are two political points which we must clear up. I will have to consult with the Ministry of Foreign Affairs beforehand to see if they will allow us to conduct business there and how much.

If the Ministry of Foreign Affairs does not permit it we will stop, but if we have the chance, we will proceed quietly because we know that the pressure of world politics is beginning to ease more and more with regard to South Africa. I expect we will receive an answer by October.

As for the Middle East the situation in some areas is such that we cannot trade there. The one place where we can trade is Dubai, which is a very advanced trading country. It is a meeting place for international merchants, and we have a commercial center there already but feel that we can increase our trade there because Dubai is like Hong Kong - it is open to free trade.

[MATICHON] How do you feel about the markets of Indochina?

[Pridiyathon Thewakun] When one looks at trade plans, it is clear that private parties will be more involved there. But we will have to look carefully at what we can do better than in the past. We can see that in the countries of Indochina such as Burma important officials want to have contact and mutual understanding. We will begin by sending officials there more often for discussions because the personal contact will lead to greater understanding. This attempt at communication between the two governmental units will help as much as that done by private parties. In some countries we must build understanding first, such as in Cambodia where we must talk with the Ministry of Foreign Affairs if they give the okay.

As you can see, I am building a foundation. I am not ambitious. Since we will have reached the second stage everywhere where I have built a foundation, we need a

clear goal to accomplish in the six months which are left. If we accomplish this goal it will be a benefit for people later on and, I believe, far in the future. In some locations there is not sufficient quantity of trade or potential. I will not go to those places because the efforts would have to be ended some day.

We need to consider the various trade regulations quickly, but we need feedback from the private sector, and we have not received much yet. We have listened to that which we have received and will follow it up each month.

Deputy Minister on Free Processing Zone

92SE0022D Bangkok SIAM RAT THURAKIT in Thai
23 Sep 91 pp 7, 8

[Excerpt] [passage omitted] Mr. Wira Susangkornkan, the deputy minister of industry, said that he recently ordered the Industrial Estate Authority of Thailand (IEAT) to study the feasibility of establishing a special industrial zone, or free processing zone. The IEAT had already sent him a report on this. But because the words "for trade" were used, he felt that this would be quite difficult. That would involve the Ministry of Commerce. Thus, he asked the IEAT to reconsider the matter and conduct a new study. He asked it to eliminate the word "trade" and focus on the production system alone.

"If this succeeds, our country will benefit greatly. I intend for this industrial zone to become a real industrial production zone. This zone will resemble an extraterritorial zone, that is, producers will not have to pay income taxes to the state. They will, however, have to pay certain fees to the state. For example, they will rent the land in order to build factories. The owners of these factories will have to pay a fee, or rent, to the IEAT, which will manage the industrial estate," said Mr. Wira.

Mr. Wira also said that in this free processing zone, producers will be able to stockpile goods in godowns without having to check their inventories. This will prevent tax problems from arising. Another reason has to do with employing laborers. A large amount of money will be invested. And we will save money by not having to hire customs officials to inspect things, because only the officials responsible for controlling raw materials and goods will be able to enter the industrial estate.

"Because of this, the goods produced by the factories in the industrial estate will be cheaper than goods produced elsewhere, because there won't be any tax problems. There will be only specific controls to ensure that the goods produced there are not sold in Thailand freely. Import duties will have to be paid. Control of the raw materials entering the estate will be relatively simple, because these will be raw materials. Customs officials will be able to inspect them in order to prevent items from being smuggled out and sold. I think that this method will enable the goods produced by the industrial factories to compete against foreign goods. Production

costs will be low, and there will not be complex stipulations such as those imposed by the BOI [Board of Investment] with respect to investment promotion. The BOI, for example, has imposed stipulations concerning export activities and limited the quantity of goods that can be sold domestically. I think that this is a shortcoming. Because in the future, if the factories that have been promoted can't find markets, they might have to close. This would affect the laborers, most of whom will be Thais. We should think of a solution for these plants. With my idea, for example, if we can't find markets abroad or if prices on foreign markets are bad, we can order goods from these production sites. The import duty will be the same as import duties in general. This will benefit the free trade system, because there will be a great selection of goods, and these goods will come from factories located in Thailand's special zone," said Mr. Wira in conclusion.

Reaction Continues on Drug Patent Issue

92SE0023A Bangkok THAI RAT in Thai 23 Sep 91
pp 1, 17

[Text] The Ministry of Commerce, under Mr. Amaret Sila-on, may cause problems for the people of the country, because it's likely that there will be a dramatic increase in the price of drugs. At the beginning of October, Mr. Amaret will submit the matter of revising the 1979 Patent Act to the cabinet. This will include protecting foreign drugs.

Mr. Amaret said that the reason why he has asked that this act be revised is that Thailand has been stealing foreign drugs. Thailand has never paid the foreigners who own the patents on these drugs. Also, Thailand wants to preserve its markets in the United States. If Thailand does not revise this act, the United States will implement Article 301 to keep out Thai goods, which are selling well on American markets.

Revising the Patent Act will affect many Thais, particularly poor people. Thus, the Rural Medical Association is demanding that the government review this matter. Dr. Khwanchai Wisitthanon, the association's public relations officer, said that actually, it's incorrect to say that Thailand is stealing foreign drugs. Drugs concern people's lives. Drugs are necessary in the lives of the people. It's improper for people in developed countries to monopolize this and make huge profits from people who are sick.

Besides this, the World Intellectual Property Organization, which is an international organization, has said that whether a country protects drug patents for another country depends on the economic situation of that country. At present, there are only 64 countries that provide such protection. Even large countries such as Australia, New Zealand, and the Soviet Union do not provide protection.

As for the argument that Thailand must honor foreign drug patents to prevent the United States from implementing Article 301, Dr. Khwanchai said that the government is protecting the rich and hurting the poor, who make up the great majority of Thailand's population. The government should consider if it is worth exchanging drug patents for Thai exports to the United States.

Dr. Prida Tae-arak, the president of the Rural Medical Association, discussed how this will affect Thais. He said that drug prices will increase greatly. Most Thais are still poor. There are still many problems that the government has not solved. The government will just add to these problems by allowing drug prices to increase. He gave a clear example. If new drugs are discovered to treat heart attacks, which is the No. 1 cause of death among Thais, to treat high blood pressure or diabetes, which are diseases that afflict many poor people here, or to treat AIDS, which is spreading rapidly here, Thais will have to buy these drugs and pay a very high price for them.

Data from the Social Research Institute, Chulalongkorn University, indicate that the average amount spent on drugs will increase from 728 baht to at least 1,257 baht per person per year. Dr. Anthasit Wetchachiwa, the deputy minister of public health, said that approximately 6 million Thais suffer from liver flukes. The price of the medicine used to treat these people will increase from 12 baht to 87 baht per tablet. And each patient has to take five tablets a day.

This will also lead to conflicts in society. Wealthy people will be able to buy good medicines that cost a lot. But the poor people, particularly those who carry social insurance cards, will not be able to obtain good drugs, because

they will be too expensive. Dr. Prida asked, Are we going to allow the poor to suffer all their lives?

This will also cause a brain drain. Because today, the budgets of the rural hospitals are very tight. More than 60 percent of their budgets must be spent on drugs, which are given free to poor people. The doctors at these hospitals have to work hard to find money for their hospitals. If this act is revised and drug prices increase, it will be even more difficult for them to find the money needed to purchase drugs. Many of these doctors will probably give up and go work in places that are more comfortable.

These are the effects that this will have on the majority of the Thai people. As for how this will affect Thai merchants who export goods to the United States, Dr. Prida said that merchants can find other markets to replace American markets. In the future, they won't have to depend on American markets. Moreover, American demands probably won't stop here. If they win on the drug patent issue, they will probably use Article 301 to demand this and that. Will the Ministry of Commerce continue to give in to the United States?

The president of the Rural Medical Association said that the Ministry of Commerce has never disclosed how it plans to revise this act for the United States. But from what is known, the drugs that will be protected will include drugs that have been on the market for 10 years. "Why can Mr. Amaret discuss this openly with the United States but not with the Thai people, who will be directly affected by this? Is there something that he can't tell the Thai people?"

This is something that is not clear. But in just a few days, we will know if Thailand will give up its legislative sovereignty to the Americans without considering the interests of the majority of the Thai people.

POLITICAL

Party Leadership at State Enterprises Discussed

922E0027A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 21 Sep 91 p 3

[Article by Tran Dinh Huynh of Party Building Institute:
"An Opinion About Party Leadership in State Economic
Units"]

[Text] The relationships between party leadership and authority of state economic unit directors remain an issue that needs to be studied. We recently conducted a survey in a number of units having resolved such relationships in a relatively satisfactory manner, such as Ha Nam Ninh Industrial Construction and Installation Corporation, Haiphong Sea Transportation Corporation, Long An Textile Mill, Duc Tan Ceramic Tile Factory in Ho Chi Minh City, and so on, and got good ideas from it. However, we found that quite a few of them were confused and actually had wrong concepts. In our opinion, we must overcome these two tendencies:

- To reduce the leadership role of the party, to turn the party into a ceremonial organization, and to separate the party from the subject of management. To make the role of directors an absolute one and to consider them the units' only "masters."

- Party organizations do everything for and take the place of directors, or create a "parallel and duplicate" mechanism; or the party returns to the old mechanism, in which it is a machinery of power standing above the managerial authority of directors; or a collective holds the authority and shares responsibilities, without any individuals actually being responsible for anything substantial.

Let us tell you some of our initial thoughts about the leadership of party committee echelons.

Recently a number of comrades thought that to determine party line and policies is the job of the Political Bureau and Secretariat and that directors do ensure party leadership by just managing their enterprises in conformity with the law and in a manner to make profits. Consequently, basic-level party organizations would only do "purely internal" work and at the same time heighten the vanguard and model role of party members and persuade people to obey directors' orders. We think that such a concept would be somewhat superficial and would not conform to reality.

About the leadership of party organizations in state-operated industrial installations, we would dare to mention two issues:

One, we need to assert that the party's leadership in state economic units is a clear and indispensable matter which contains many rich, realistic, and practical points:

1. On the basis of the party's positions, line, and policies, basic-level party organizations must set a correct direction for the existence and development of their units. This direction setting consists of:

+ Leadership over renovating the thinking, particularly the economic thinking, in compliance with party views and line, to make all people, from directors to regular workers, thoroughly understand and resolutely switch to the "market-oriented business mechanism, which operates according to the principle of taking care of one's own debts, achieving development, and fulfilling the obligation of contributing to the state budget."

+ On the basis of the characteristics and conditions of enterprises, determination by party committee echelons of major guidelines, goals, and measures aimed at allowing enterprises to be stable, to stay strong, and to develop. The party committee collective must be responsible for discussing with directors and helping them, by contributing its mind and energy, to prepare for and draft immediate and long-term plans for their enterprises.

2. To adopt a new mechanism for organization and renovation of ways of doing things to give all components (party committee echelons, directors, and mass organizations) separate tasks and work patterns but to avoid duplication, inactivity, and dependence on others, and to turn them into a work system based on mutual help and encouragement for fulfillment of their tasks. To do so party committee echelons must lead an effort to draft *work rules*. These rules must be discussed in a democratic manner, applied on a trial basis for a period of time, and then gradually improved after some preliminary review and drawing of experience from their application. These rules can be considered a kind of internal "law" of enterprises, which everybody must obey. In almost all strong installations, such work rules are established in a very careful and democratic manner, with discussions taking place at all levels. Work rules ensure unity in enterprises, which operate as a bloc having the same determination and action and aiming at common goals on the basis of the principles suggested by all members.

3. To properly lead organizational work and cadres, and to organize and use manpower in accordance with the needs of production and business is part of the responsibilities of directors. But to let directors do their job correctly and effectively party committee echelons must:

- Create sources of supply of cadres and a healthy sociopolitical "environment" in enterprises in order to renovate organization and cadres by actively, firmly, and continually making party organizations clean and strong; carrying out party discipline in an open, democratic, and just manner for all party members who have violated it; and improving the quality of party development. This is not solely a purely internal work on the part of the party but also a really strong basis for it to allow directors to carry out their functions in organizing enterprises and

using people, an "in-depth investment" in favor of the productive force of enterprises.

- Lead public opinion polls and the masses' vote of confidence toward enterprises' cadre positions. The political understanding and sense of responsibility of workers and civil servants will ensure the accuracy of such public opinion polls.

- Let basic-level party organizations, through their own organizational system and close relationships with the masses, have a thorough knowledge of the real situation of cadres so as to join with directors and superior echelons in training and correctly using enterprises' cadres.

4. To lead and ensure the democratization of enterprises, to make everybody really enjoy ownership rights in production, management, distribution, everyday life and social relationships, labor obligation, and citizens' responsibilities. To fight bureaucracy, paternalism, oppression, authoritativeness, and so on in management; at the same time, to fight unruly democracy, extreme democracy. To build enterprises under the law, with order, and with improving cultural living standard. To teach democracy among all workers and civil servants in enterprises is the responsibility of party organizations as a whole.

5. To provide ideological and political leadership and education, to improve class consciousness, and to teach socialist ideals to the worker class is the regular and basic task of basic-level party organizations because workers really become a class only when they have socialist consciousness and leadership provided by the party.

6. To exert regular control in order to ensure serious implementation of party resolutions. To exert control does not mean party organizations trying to find fault, to accuse, and to create difficulties against directors. To exert control is not the job of any single component. All party members must do it. To exert control is aimed at accelerating the process of carrying out enterprises' plans, which have been decided by conferences of workers and civil servants. Control work in enterprises is like the task of crewmen on a ship, who must correct and help one another in a regular and strict manner so as to ensure that the entire crew, from the captain to crew members, will be doing their work properly to ensure that the ship will not hit anything, nor go in a wrong direction, and arrive at the harbor safely.

7. To display the vanguard and model role and persuading power of all party members toward the masses, and to create an atmosphere of emulation aimed at overfulfilling enterprises' plans. Each and every party member must train himself and improve all aspects of their capabilities so as to provide guidance and to set examples in labor and occupational activities; in terms of morality, personalities, and daily activities, he must be a person of prestige and truly deserve being "a socialist activist in the workers' movement" pushing the latter toward carrying out the party's ideals.

Two, to have a correct concept regarding the relationships between party committee secretaries and enterprise directors. This is an issue that has been raised quite frequently as it really represents the relationships between leadership and power. *Secretaries are representatives of the leadership of party organizations as a whole over enterprises, and directors are persons who have been assigned to hold power by enterprises' workers and civil servants and by superior echelons and who express their power in commanding and operating enterprises.* Standing committees of CPV [Communist Party of Vietnam] committees, represented by secretaries, cannot infringe on directors' power, nor do everything in their place, but on the other hand, they cannot allow themselves to become a formal organization, and even a "tool" and "screen," of directors, and consider "directors are everything." CPV committee secretaries must be the persons who ensure effective leadership of party organizations and at the same time care about assisting and building directors, and giving them prestige so as to allow them to work freely and creatively in managing production and business. Strong directors represent strong party organizations. Strong party organizations serve as a foundation that ensures a good sociopolitical environment for directors to use their talent and to carry out their task in a fruitful manner. To ensure a concentration of power in the hands of directors, but also to ensure that directors avoid bureaucratic centralism and arbitrary behavior—that is the role of standing committees and CPV committee secretaries.

Alert Sounded on Weakening of State Management

922E0028A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 26 Sep 91 p 2

[Article by Tran Binh Long: "Promptly Put An End to Phenomena Tending To Weaken the State's Social Management Role"]

[Text] I think that it is no longer necessary to argue the postulate that political power is the basic concern of all revolutions. It is equally evident that the class nature of a state—a state with the quality of a form that manifests the existence of a government—has been proved by the theory and practice of the history of the formation of states, from the slave state to the feudal state, the bourgeois state, and the socialist state. In that sense the state is not only the result of struggle but, even more important, is also the strength and vitality of the ruling social class. For that reason, no ruling class, in principle, dares relax its concern over the existence of the state. The problem is what the ruling class must do to bring the state's strength into play vis-a-vis society. It is impossible to imagine a state that wants to exercise its strength, or simply to exist in form only, without playing a social management role. In the feudal period, many kings sought a model for social management. Whether they favored using virtue or using laws, the gist was still a means to govern the country effectively. In sum, the vital problem of a regime or a ruling class (once it has gained

political power) is that of social management by the state. That is not an abstract concept but is always manifested in a lively, positive way in real life.

It is not surprising that recently in all first-cycle basic-level party organization congresses, from the subward, village, district, and municipal levels to the sector level (in Ho Chi Minh City) all-out attention was paid to the problems of state management, the most common contents of which were synthesized in a document of the first-cycle congress of municipal party organizations (the report contributing opinions of the party organization congresses to the contents of draft document DH7). Those contents are determining the proper nature of the mechanism of "The party leads, the state manages, and the people serve as the masters," with specific guidance; affirming the "carrying out of the administrative management and production-commercial management functions"; improving the administrative apparatus at all levels; clearly affirming the dictatorial nature of our state; "building a state governed by laws and perfecting and completing the system of laws," etc. At the seventh party congress the subject of state management was brought up rather explicitly in the documents: "As an organization that manifests and carries out the will and authority of the people, on behalf of the people, our state must have sufficient authority and ability to draft laws and organize and manage all aspects of social management by means of laws, correct the state's organizational system, reform the administrative apparatus, and strengthen the legal organs in order to carry out effectively the state's management function." "The organization and activity of the state management apparatus is based on the principles of democratic centralization and the unity of authority, with a division of labor and decentralization, while also guaranteeing the unified guidance of the central echelon." (Excerpt from the Program To Build the Nation in the Period of Transition to Socialism). In the economic sphere, the program affirmed "the formation of a market mechanism with state management based on law, planning, policies, and the other tools." To fulfill those requirements, first of all we must rapidly build a complete legal system that is in accord with the renovation line of the party and state and contributes positively to furthering the development of society, while at the same time building a mechanism, a scientific, effective management apparatus. However, the second aspect is that we cannot neglect the prompt elimination of obstacles to the state management task in the renovation process. Here we will only deal with the manifestations that tend to weaken the leadership role of the socialist state.

First of all, it must be said that the greatest characteristic of our country at present is its all-round renovation, a very important part of which is the renovation of the state management mechanism, especially in the economic sphere. At a time when the new and the old are intertwined and conflict with one another, so that the internal factors can be selected, carried on, replaced, or eliminated, and there is no model or sufficient conditions to affirm immediately a newly emerged factor, it is

clear that the state management task is experiencing major difficulties. In that situation, it is very possible that a number of manifestations will arise:

The first is gradually straying from the goals and nature of socialism stated in the Constitution and the system of laws. At present the National Assembly is drafting an amended and supplemented Constitution. We hope that the new Constitution will be the supreme legal declaration, which manifests the contents of renovation in accordance with the political orientation chosen by the Communist Party of Vietnam and the National Assembly and most fully manifests the principle of socialist orientation. That requirement has become even more urgent at a time when the class struggle in many places is revealing tricks, schemes, and plots to take advantage of the Constitution with regard to form and attack it by means of unprincipled changes in the contents, goals, and nature of the Constitution in order to weaken, and even cause the collapse of, the government. The system of legal documents, of course, is included in that situation. The party's program states explicitly that "The Vietnamese state unifies the three branches—legislative, executive, and judicial," and "a market mechanism will be formed with state management exercised by means of laws, plans, policies, and the other tools." Therefore, the socialist orientation of laws must be guaranteed. To stray from that orientation would be to "relax" the management role of the socialist state and, of course, the more it is relaxed in one extreme the more easily will the inevitable transformation of the management function shift over to another extreme, that of opposition.

The second manifestation is the relaxation of the specific measures and contents of state management. As stated above, at present between the good and the bad there is, to a certain extent, intertwining and transforming, so in the management work the competent echelons, out of caution, at times do not make the necessary decisions in time. Therefore, the good is sometimes stunted and the bad has an opportunity to gain the upper hand. Here we will only pose questions regarding instances of deliberately "relaxing" state management because of individual, partialistic motives. At times, at first there exists only the situation of factionalism, then "warlords" arise and develop, which leads to shattering the unity of the legal system and gradually neutralizes the effectiveness of state management. Another form is, in the name of "flexibility" and "adaptation," and the self-regulation of the market-oriented economic mechanism, deliberately abandoning the principle of centralized, unified management by the state or, in the name of only "calculating economic efficiency," neglecting the requirements of the political-economic-social relationships of a political system (which must be further emphasized, especially the external relations). There have occurred instances of, while resolutely demanding completeness and harmony in specific management within one's unit, also resolutely struggling for "business practices" that destroy completeness and harmony within the sphere of higher

echelons. Of course, we must also pay attention to the other kinds of unintentional errors in state management because, although they are "unintentional" the objective consequences of those errors also adversely effect the activities of society.

Third, there are manifestations that result in the relaxation of the state management apparatus. One of the most important requirements of the task of "amending the state organizational system, reforming the administrative apparatus, and strengthening the legal organs so that the state's management function can be exercised efficiently" (Program To Develop the Nation) is the organization of cadres. Clearly, if we are to build a complete state apparatus and meet the requirements of social development it is necessary to resolutely eliminate bureaucratism, conservatism, corruption, and factionalism, but at the same time it is necessary promptly to prevent the new forms of bureaucratism, conservatism, factionalism, and corruption that arise under certain specific conditions in newly formed environments. The new bureaucratic evils may not arise completely from a lack of understanding, a lack of thoroughness, or a lack of practicality on the part of the basic units, but from "coolness" toward the pressing needs of the people's lives and remoteness from the legitimate interests of the working class, the laboring people, and the positive forces in the great undertaking of national development and in the class struggle and the struggle to defend the fatherland. The new conservatism may not arise from too little education or a lack of technical knowledge, but from short-sightedness, self-delusion, and the habit of arrogantly pointing to heaven vis-a-vis criticism and complete rejection, without willingness to assimilate selectively the proven values and fine accomplishments of history and of socialism, but short-sightedly worshipping even the bad habits and mistakes of capitalism and things that are clearly outmoded or are even headaches for the capitalists. The new corruption has also found ways to hide and the investigative methods and regulations of the current Criminal Law Code are confused. A new form of corruption that must be dealt with is the erosion of property belonging to the entire population and to society by many means, for example by gradually transferring property or the value of that property to the form of collective or private ownership in order to profit from it or gradually transfer private or collective losses, bankruptcies, or damages so that the entire population and society will bear the burden.

We will devote the final words to drawing attention to the form of opportunism. The nature of opportunism is by all means, even the vilest means, taking advantage of all situations to achieve individual privilege and benefits, including the use of demagoguery, opportunism, dishonesty, and evasion. The existence of opportunism in the state management system will present an extreme danger.

There are, of course, many other problems related to state management and there are also differences among people with regard to awareness. But I think that if we

are to improve the mechanism and apparatus of state management in order to improve the effectiveness of social management by a state of the people by the people, and for the people, the foremost, all-encompassing concern is always to maintain the principles, scientific nature, and goals of socialism.

MILITARY

Article Discusses Effect of Economic Units

922E0010A Hanoi QUAN DOI NHAN DAN
in Vietnamese 12 Aug 91 p 3

[Article by Thieu Quang Bien: "How Can the Efficiency of the Army's Production and Economic Building Be Correctly Assessed?"]

[Text] [Editorial note] In the past and at present there have been different views on the Army's production and economic building activities. There have been praises, but there still are opinions holding that the Army's economic work lacks efficiency. What is the true nature of this difference in opinions? How can the efficiency of the Army's production and economic building be correctly evaluated? A QUAN DOI NHAN DAN correspondent has studied this question and hereby offers an initial response to the question raised by readers. [end editorial note]

What can easily be discerned in the difference between the two kinds of opinions cited above is the basis on which the issue is raised, or the position from which the question is viewed. The kind of opinion holding that the Army's economic work is inefficient is based on the arithmetical calculation method of "using revenue to cover expenses and making a profit" as the sole measure, without considering each specific form of production and economic building activities of each specific category of unit, the historical background of these activities, and the laws governing them. The kind of opinion judging that the Army's production and economic building activities have yielded fine results maintains that, while the difficulties peculiar to national defense cannot be emphasized as an excuse to belittle the formula of "using revenue to cover expenses and making a profit," it is also unreasonable to use this formula as the sole yardstick for judging the efficiency of the production and economic building activities of the Army, especially of the arms-producing defense enterprises and the units stationed in strategic areas. We will be correct when we assess the efficiency of the Army's production and economic building as a combination of their economic results and their effect in fields of defense, security, and social welfare.

History has placed the production and economic building task on the soldiers' shoulders in a very natural fashion. Right in 1976, following national reunification, soldiers set out to overcome the wounds of war by locating and destroying unexploded bombs and mines,

opening up agricultural state farms, building railroads...in an expeditious, spontaneous, and unhesitating manner, just like they were dressing the wounds on their bodies in the middle of a battle. They have shed much sweat and blood. In some years (1980-1984), the task of production and economic building changed constantly, depending on the increase or decrease in the combat duties. Many Army units specializing in production were readmitted into the armed forces after being transferred to various ministries and sectors.... The General Department of Economic Building, after being dissolved to concentrate on combat duties, was later reinstituted, and so forth. In 1985-1986, the task of production and economic building was stabilized again, and in the following years it still shared a common background with the economy.

In March 1989, the Council of Ministers issued Directive 46/CT [Directive] "to shift the production and trading activities of defense enterprises and of the Army's production and economic building units to the socialist business accounting system according to Decision 217/HDBT [Council of Ministers]" and authorizing "general corporations, corporations, and unions of enterprises to function as production and trading units that operate under the independent economic accounting system in strict accordance with the regulations on state enterprises promulgated by the state. These units are granted the legal status of an artificial person, may open bank accounts (including accounts in foreign currency) and form associations or enter into joint ventures with local economic establishments and (depending on the merits of each case) with foreign countries...." This means that the Army units specializing in production and economic building have enjoyed the necessary conditions for carrying out production and trading activities along the guideline of "using revenue to cover expenses and making a profit" for just over two years.

The results obtained by the Army units exclusively engaging in production and economic building during the five years from 1986 and 1990 were still modest but already encouraging. They built a zone devoted to the exclusive planting of rubber trees in the Central Highlands and grew new rubber trees on 1,872 hectares, thus increasing the rubber area to 4,736 hectares including 1,000 hectares for trading purposes, and produced 400 tonnes of dried latex in 1990. They set up a forestry zone in the Long Xuyen Quadrangle; planted 2,000 hectares of new cajuput; and dug 38 km of fresh-water canals in the Plains of Reeds. They built sea dikes for land reclamation, opened virgin lands, and built for the country valuable new economic zones such as Con Thoi (in the 3d Military Region) and Duc Co and Play Can (in the Central Highlands). They grew 1,200 hectares of coffee, 200 of which have become productive. They efficiently participated in the construction of major, key projects of the state such as the Hoa Binh and Dray H'linh hydroelectric power plants, the Lao Cai apatite mining area, the Quy Hop tin mining area, the railroad

to the Na Duong and Nui Hong coal mines, and the Quang Ninh coal mining region. They built 400 km of assorted highways and dug 1,000 km of canals and ditches, excavating more than 17 million cubic meters of earth for construction purposes in the Mekong River delta. They completed and handed over more than 310,000 square meters of assorted dwelling houses (most of them grade 1-2 homes). They extracted over 1 million tonnes of coal, 50,000 of which were exported. They caught 10,000 tonnes of sea fish and exported 800 tonnes. They repaired 600 seagoing ships of various types (including 105 ships of foreign countries). The bloc of regular army units produced 28,000 tonnes of meat on the hoofs and 13,000 tonnes of fish. Each soldier produced 60 kg of green vegetables annually.

Production and economic building activities have not adversely affected the Army's fighting strength. In the regular army units, results of production work have created conditions for them to ensure sufficient food supplies, improve troops' diet, build more dwelling houses, shelters for vehicles and artillery pieces, warehouses, cultural houses, small hydroelectric power stations...thereby contributing to improving the living standards of troops, their training conditions, and their combat readiness, and to implementing Army welfare policies. On their part, the units specializing in economic building and defense enterprises have shown that they are capable of adapting themselves to the market mechanism, have gradually merged into the domestic market, and have made initial contacts in some fields with the regional and world markets. Their production and trading activities have really become profitable...thus creating additional sources of revenue to maintain and renovate defense production capabilities and standing ready to meet the demands of national defense in case of necessity.

On the other hand, owing to their presence in a number of strategic localities such as the westernmost region of the Central Highlands, the remote areas of the Plains of Reeds, the Long Xuyen Quadrangle...various production and economic building units have been able to make an important contribution to maintaining public order and security and promoting socioeconomic development in the localities concerned.

The social effect of these production and economic building activities has also been evident. They have helped create jobs for the redundant workers and soldiers, thereby creating proper conditions for them and their families to normalize their lives. The units doing agricultural work in mountainous areas and in the Central Highlands have partly contributed to regulating the work force and population in the remote areas and have played the principal role in the local cultural, health care, and educational services. They have built for the country new economic zones and establishments, thus contributing to improving the living, travel, and educational conditions of the people in the mountainous regions. They have exploited to the fullest the Army's capabilities in all fields to create much more wealth for society.

Through their productive labor, they have joined various localities in building socioeconomic models and various infrastructure projects, thereby making contributions to the development of local and regional economies.

However, it is a fact that the Army has begun to practice carrying out production and economic building work in accordance with the market mechanism only recently, a mechanism that has many strong points as well as limitations and weaknesses. Meanwhile, there still are many deficiencies in the organizational and managerial skills, the ability to compete, and the marketing experience of various units, from their leadership echelon down to their basic level. Some cadres in charge of economic work are still subjective and have not yet realized all the complexity and difficulties of this work in order to work out suitable managerial measures. Worse still, some commanding cadres have still failed to seriously abide by the laws of the state and the regulations of the Defense Ministry and have intentionally sought to serve parochial interests. On the other hand, the management mechanism of the units in charge of production and economic building still has not yet been clearly defined; in many jobs the units still have to improvise while carrying out their duties. This has limited and is still limiting the economic efficiency of various units in production and economic building. If these problems are overcome, the Army's production and economic building activities are likely to achieve a level of profitability that is meaningful for the national economy, thus clearly showing their potential for fine development. The current situation shows that the task of national defense is still heavy, that the national economy is still facing numerous difficulties, and that no matter how hard the state may strive to increase it, the budget for national defense is still limited. For this reason, the Army's presence on the economic front remains an objective necessity. This presence is not only aimed at resolving the difficulties in the current situation but also at fulfilling a long-term strategic task. This is an important source of power that contributes to the implementation of the strategy for our national socioeconomic stabilization and development and to the fulfillment of the task of combining economic buildup with national defense and national defense with economic buildup in the most efficient manner. The problem that is being posed now is that the state should work out rational policies and mechanisms to foster and exploit this important source of power in an increasingly efficient manner.

Military Needs Improvement To Attract Youth

922E0010B Hanoi QUAN DOI NHAN DAN
in Vietnamese 14 Aug 91 p 2

[Article by Nguyen Dinh Xuan, student of the Weapons Branch, the Military Technology Institute: "Is the Army Still Attracting Youths?"]

[Text] In the holy wars of resistance of our nation, Vietnamese youths were highly conscious of their obligation to contribute their effort to liberate the country.

They enthusiastically set out to join the Army and go to the battlefield without demanding any interest for themselves.

Today, with the advent of the Law on Military Service, Vietnamese youths are still conscious of their obligation. However, their thinking is now different. In reality, there has been a section of youths that has not liked to join the Army, that has evaded military service, and that has not liked to enter training schools to become officers for long-term service in the Army. There have been several reasons for that, including the ones concerning the guarantee of military officers' livelihood, the Army-rear policy....

Each year, in our country there are thousands of tens of thousands of youths who set out to join the Army while an equal number of soldiers return to their localities after completing their military service. The majority of these returnees have difficulty in finding employment or cannot find jobs. Of course, this is due to the common difficulties of society, but providing employment for soldiers who have completed their military service is an extremely important and necessary task.

Let us go back to the question: Is the Army still attracting youths? This is an issue that should be studied seriously and examined from different angles. Every year, throughout our country thousands of youths take entrance examinations to army schools. I have learned that, in the 1991-1992 school year, a very large number of candidates took entrance examinations to army schools. At the Military Technology Institute, the recruitment target for the 1991-1992 school year was 100, but the number of candidates taking the examinations was almost 2,000. Looking at these figures, one might think that the Army is being very attractive to youths. However, if one gets to the heart of the matter, the truth is not necessarily so. I have surveyed 62 third-year students at the Military Technology Institute. The results were: 58 percent of them answered in the affirmative to the question: "Do you consider the military as a profession?" (Five years earlier, 14.3 percent of the total number of students gave an affirmative answer to the same question). To the question: "Do you feel an interest in your military career?" 33 percent answered in the affirmative (five years earlier, 71 percent said yes to the same question). Evidently, at present youths consider the Army as a profession, however, their interest in the military profession has waned. Is there any contradiction in this? I have studied this matter by talking with parents of soldiers currently on active duty and with students who wanted to take entrance examinations to various army schools. And I have discovered the following fact: In the past, only those students who had fair, average, or better school records as well as good political quality and virtue might take entrance examinations to military schools such as the Military Technology School, the Army Medical School.... Once in their schools, they continued to develop their quality and capability so that after graduation, when they were assigned to various

organs and units, they became capable technical commanders and satisfactorily fulfilled their duties. During the 1980's, because of the many difficulties facing our national economy, youths became more realistic in their thinking. They liked to take entrance examinations to the economic, financial, or other branches that represented "good business." In those days an idea prevalent among the youth was "one goes to the teachers college only as a last resort." Today, they say: "One goes to the Army schools only as a last resort." So, where do things stand in reality? Graduates from civilian professional schools have difficulty in finding employment, or, worse still, cannot find jobs. For those who are lucky enough to find employment at all, it is not sure that their jobs are in their specialized fields of study. Moreover, in the non-military colleges and universities, students need large sums of money to live and to pay tuition fees, which is a burden for their families. Many families have been unable to pay for their children's education. Because of these reasons, many students have registered to sit for entrance examinations to various army schools. Some students maintain that entrance examinations to the army schools are easier to take. But the main thing for them is once they are admitted, they enjoy better living and learning conditions. They do not have to worry much about scholarships. On their part, their families also have a lighter burden to carry, and probably the only expense they may have to make is to give their children some pocket money. After graduation, they become technical officers and receive immediate assignments, thus they do not have to fear "rejection" or to worry about job hunting. Some students have confided that they do not like to stay in the Army, but they do not know what to do if they leave it and they cannot find employment anywhere else.

The phenomenon of youths and young officers feeling no interest in Army work is not isolated. Youths are subject to influence from many directions: families, friends, society. They are also directly influenced by the contingent of old officers who want to stay on in the Army, and able technical cadres who want to leave it to make a living. Even job assignments that do not correspond with the positions and functions of cadres also have a strong impact on youths. At present these phenomena are a stinging problem in our Army.

It is really hard to correctly answer the question: "Is the Army still attracting youths?" This is because that is a large issue that can be resolved only with synchronized coordination among competent organs and with unified guidance from the upper level down. To make the Army really attractive to youths, first of all we must ceaselessly and effectively educate youths in the obligation, the right, and the responsibility of citizens to defend the fatherland and build the Army into an increasingly standardized and modern force. At the same time, we must incessantly study and set forth rational policies to promote the implementation of the various policies of the party, the state, and the Army concerning national defense work. Only in this way can the Army really become attractive to youth.

Article on Selection, Training of Naval Officers

922E0034E Hanoi QUAN DOI NHAN DAN
in Vietnamese 26 Sep 91 p 2

[Article by To Hai Nam: "What Is New in the Selection and Training of Naval Officers From 1991 Onward?"]

[Text] A fact that has been verified through the selection of cadets for one to four years of training in the Naval Academy over the past several years is that, after leaving school, those cadets who have received four years of training have a definitely better quality than those who have undergone training for a shorter period. On the other hand, if a cadet has performed practical duties on ships for one to three years before being selected for training at the academy, then despite a shorter training period, after leaving school he still has a quality that is not only good but even somewhat better than that of the cadets chosen from among high school students and given four years of training, notably in regard to organizational, command, and marine navigational skills.

In view of this reality, from 1991 onward what direction will the Naval Academy follow in cadet selection and training? comrade Commander Vu Van Vinh, deputy director of the academy's Training Department said: In compliance with the Ministry of Defense's policy, a number of armed branches and services has begun to select high school students again for long-term training. Since 1991 the Naval Academy has also been allowed to resume accepting high school students for competitive entrance examinations within the framework of the examination questions prepared by the Ministry of Higher Education and Training. Along with selecting cadets from among high school students, the academy has also chosen for training those soldiers who have served on ships for one year or more. In 1991, nearly 600 high schoolers applied to take the entrance examination to the Naval Academy, but only 447 actually took it and 43 of them passed with standard marks. Units are the academy's second source of recruits. A total of 160 sailors who had served on ships for one year or more were sent to the academy for a three-month refresher course. Afterward, they also sat for the entrance examination as the high schoolers did. The quality of these cadets was high because they were carefully selected from the grass-roots units.

Concerning official admission and assignment to study branches, after a candidate has passed the cultural test, the academy will continue to test him for physical appearance, physical fitness, and the capability to withstand inclement weather. In these tests, any candidate who has a fine appearance, who is of sufficient height and good health and capable of withstanding levels 3-4 or stronger waves, and who has a good background, good quality, and a good sense of discipline will be admitted to the academy, where all subjects of study are taught in accordance with college curricula. Once the candidates are admitted for formal training, the academy will base on their biopsychological conditions, their tastes, and

their capacity for development to assign them to various branches of study to suit their individual aptitude. In regard to cadets who are sailors with one year or more of service on ships, they must undergo basic infantry training for six months, attend classes with a general college curriculum for one year and a half, and engage in specialized study for three years, thus putting in a total of five years of training. As for the cadets selected from among high schoolers, in their first year all will be sent to ship units to serve as seamen. After they have spent one year on the ships, The academy will screen them again. Those cadets who are qualified will return to the academy for five more years of training which include six months of basic infantry training, one year and a half of general college study, and three years of specialized training. Thus, the training program applied to a naval cadet will last six years, including one year of on-ship service as a seaman and five years of training at the academy in a closed process.

The selection of cadets and their training in a closed process at the Naval Academy is a totally novel approach which responds to the current demand of the grass-roots units. This is because a naval officer does not simply perform the task of organization and command as an officer of any other armed branches and services does, but he also has to exercise command in a technical service with high demands and intensity in a complex environment of inclement weather. On each military ship there are many technical branches, and each ship is like a factory with numerous general technical workshops. A ship captain is like a director who directs and manages different technical branches. However, a ship captain has to exercise not only simple technical management and command but also high-level technical military command. For this reason, a careful selection of the input and meticulous training in accordance with a closed process are an urgent demand of the Naval Academy at this juncture. From 1991 onward, we hope that, after six years of college-level training, the academy will graduate captains and specialized officers with sufficient quality and capability to fulfill their duties and responsibilities in their assigned positions.

Colonel Discusses Army's Basic Needs

922E0034D Hanoi *QUAN DOI NHAN DAN*
in Vietnamese 26 Sep 91 p 2

[Article by Colonel Pham Hong, associate doctor of science and technology, director of the Military Project Design Institute: "There Should be a New Way of Looking at Capital Construction in the Army"]

[Text] Our Army has a nearly one-half-century-old tradition of construction, growth, fighting, and victory. Owing to both objective and subjective circumstances, to the constant need to cope with war, to the substantial changes in the situation and organization, and especially to the straightened economic and financial conditions and a limited vision, our Army's capital construction projects (houses, barracks, depots...) have, despite their

designation, never truly been capital. The establishments we took over from the French Army were old, many of them already past the limits of their service life. Most of those left behind by the Saigon Army were field works and transitory (with the exception of some airfields, piers, and special structures).

To date, many buildings and projects have seriously degraded.... Wood has rotted and has become moth-eaten, metals have become rusty, roofs have leaked and absorbed water, floors have subsided, walls have cracked.... The amount of money needed to control leaks, to prevent collapse...alone already exceeds the budget available. Meanwhile, life still requires that new projects be constructed, old ones rebuilt, and additional construction carried out.

The Question of Economization in Capital Construction

If we have good warehouses, few personnel and little effort will be needed to ensure effective preservation and maintenance work. If we have good barracks coupled with rational lecture halls and drill grounds nearby, training efficiency will certainly be high, little time will be wasted in commuting, and the amount of fuel needed for training will also be reduced. If we have rational offices and command posts, close coordination of work will be easy and the number of guards and sanitary personnel will also decrease.... Good capital construction will lay the foundation for achieving high work efficiency and substantial savings in time, manpower, and many other expenditures.

For this reason, the comrades doing capital construction work and even the comrades commanders and leaders must, now more than ever before, have a general view and a systematic and scientific approach and must really apply science and technology, including the science of management, to their work. Only in that way will they be able to resolve the current contradictions.

What Should Be Mobile and What Should Be Stationary?

Capital construction projects normally last from a few decades to centuries. Their electrical and water systems, their internal equipment, and even their floor tiles and ornaments can be replaced or improved in accordance with economic and technical progress, but their architectural and structural "shells" are usually "immutable" or can be changed very little.

A stationary structure can be built to be truly capital only when there are sufficient basic factors including the ability to forecast the future. If there are insufficient factors and forecasting is impossible, the best thing to do is to build "mobile houses" similar to a model of "prefabricated" house of the former Saigon corps of engineers. Many dwelling houses, hospitals, Army medical stations, and barracks built with such components are still serviceable today.

According to the "mobile structure" and "cellular structure" concepts, when making decisions on a capital construction project, we must be able to forecast all the changes that may take place throughout its future existence. For this reason, if the use of "multipurpose space" and main-support frame structure is popular nowadays, it is because it allows for both compartmentalization and concatenation. In the immediate future, sometimes we may have to accept some surplus (or some shortage) in capital construction projects to avoid having to tear them down and to rebuild later on. We are still poor and need to save construction materials, but we should not economize on space because the consequences of such a measure will be unsurmountable in the future.

The prefabricated mobile houses, which can be assembled and disassembled when troop positions change, are also highly useful in field maneuvers and in maintaining combat readiness. To have rational prefabricated mobile houses, we must carefully survey and study the market and demands; and we must also keep ourselves regularly "posted" in this constantly changing market economy.

Concentrated or Scattered

In the past, it was rational to scatter our troops to cut losses caused by shellings and air bombardments. The U.S.-puppet barracks and command posts were also dispersed in the same fashion. However, in carrying out capital construction for peacetime, a concentrated and condensed deployment carries many advantages whenever we have to shift from the state of peace to the state of war and whenever it is absolutely necessary for troops to stay away from their barracks.

Concentrated construction helps economize on land (thereby saving it for food production and afforestation), on communications roads, on power and water supply lines.... Concentrated residence facilities service and manage and cut maintenance costs. Compact work places favor cooperation and coordination. At present, our Army is still poor, therefore it does not have to spend a lot of money for interior decoration and equipment. In the future, however, when it can afford better equipment, living in large spaces and in distant places will hamper modernization and cause waste.

We should pay attention to the fact that while machines kept growing in size a few decades ago, now the more modern they are the more compact they become. Moreover, because modern weapons are highly lethal, because a unit or an organ needs to be homogenous, and because even the loss of a small component would paralyze the whole organization, the more a target is reduced in size, the safer it will become.

Secondary Constructions in a Home

Family dwelling homes are an urgent need of cadres; at present, many of them still have to be built. In housing construction, we usually build identical apartment units. Nearly 100 percent of the families moving into such apartments have to alter and repair them, especially the

area of secondary constructions. Even two families that have equal numbers of members, are of the same age bracket, and practice the same profession may still have different needs.

Recently, the Air Defense Force Command took the initiative to heed the suggestions of the Military Project Design Institute: It only built the main parts of a house, such as the support walls and septic tank, and ensured overall architectural harmony. As for divider walls, electricity, water, the kitchen, the bathroom...they were to be jointly built by the state and the people. This method ensures high efficiency while cutting the spending of society's and families' money and making people feel at ease and happy.... Concerning the "mobile architecture" in a home, there also are many points worth discussing,

Military Characteristics

In the past, many people thought that only combat works have military characteristics, while barracks, offices, meeting halls, and stadia are general "civilian" (in its narrow sense) constructions; that is, they have no other characteristics than their civilian use. In fact, an Army meeting hall may also serve as a place for staff training exercises; a gymnasium for a regiment, a division, or a military cadet school that needs to use it in conjunction with its drill ground; a place for military parades and troop reviews, and so forth. To carry out capital construction, we still need to survey and study the present and even to forecast the future. In the immediate future, we should only proceed little by little in accordance with our existing budget, but we must plan and make room for future expansion.

Training Navy Personnel Under New Regulations

922E0034C Hanoi QUAN DOI NHAN DAN
in Vietnamese 24 Sep 91 p 2

[Article by To Hai Nam: "Training Technical Navy Personnel in Conformity With the Recently Revised Law on Military Service"]

[Text] Under the old Law on Military Service, the term of duty of enlisted men in various technical branches of the Navy was four years. During his four years of active service, aside from the three-month basic infantry training, an enlisted man chosen to serve in the various technical branches of the Navy must also undergo additional training for three to nine months, or up to 18 months in some specialized branches. Thus, an enlisted man's shortest period of training including his basic infantry training, was no less than six months, while the average training period was 12 months and the longest was 24 months. If his training was short, the enlisted man would be able to serve for three and one-half years; and if he was given the longest possible training, he would still be able to serve for two years and four months before his term of duty was up. There was nothing much

worth discussing about such lengths of training of technical personnel, nor was there much difficulty in implementing the time limits for troop replacement. However, the state recently promulgated a new Law on Military Service, shortening the length of active service of draftees by one year. This means that, now, the term of active duty of an Army conscript is two years and that of a Navy technical enlisted man is three years. This decision of the state conforms to the situation and the requirements of the tasks in the current revolutionary stage. However, there is no little difficulty for the Navy's technical branches in implementing this decision. First, they must completely change the contents and programs of training for technical personnel; second, a fairly big gap will be created in the replacement of ship-bound technical personnel; and third, the conscripts' short term of duty will pose a problem, namely: troop recruitment must be done continually and the troop training and replacement cycle must be accelerated. These three difficulties will give rise to many other problems that need to be resolved such as the time spent in troop recruitment-related travels, training budget, the period of time during which a conscript is considered skilled enough and qualified for on-ship duties, and so forth.

To resolve these problems, a conference of the Navy's school-related work has paid attention to making studies and holding discussions to find a solution, which is: To concentrate on improving the quality of teaching and learning at the various technical personnel training centers. Implementing this solution, the Navy has applied in a uniform and well-coordinated manner a new training program at these centers. Under this program, with regard to organizational work, the Navy unanimously agrees that basic infantry training will last two months (as against three months in the past). After the two-month basic infantry training, the technical personnel training centers will directly go to various units to select trainees and take them to the centers for knowledge and health checks... and for assignment to different branches of study. At the training centers, all specialized instructors will directly teach while working as managers at the same time, and all training programs will be trimmed down to suit the time, conditions, and equipment available to the Navy. Concerning the contents of training, the Navy has affirmed that, because to train technical personnel is to train a contingent of servicemen for practical work, realistic training on equipment and machines must be the main effort and all nonessential general theoretical contents must be done away with. We must ensure that trainees at various centers are trained as realistically as the technical personnel in units are and that 100 percent of the classes are sent to various units for practice the duration of which depends on the time available to those classes. Regarding training methods, all training centers will set aside 30 percent of the time for theoretical study and the remaining 70 percent for practical training and performance of practical work in units where the trainees will practice with the specific types of equipment they have learned to operate at the training centers. This is to ensure trainees' proficiency in

the use of this equipment and their ability to operate other equipment of the same types. When trainees go out for practice, the instructors specialized in their branches of study must accompany them to manage and coordinate with cadres of the grass-roots units in guiding the trainees' practice.

Proceeding from these organizational measures, training contents, and execution methods, the Navy has affirmed that, although the time for basic infantry training and for study in various specialized technical branches has been reduced, if we do organizational work well, continually draw experience to change the contents of training programs, and have appropriate methods of execution, we still can ensure good-quality training and meet the requirements of our tasks. Trainee selection, however, is still the most important work because if trainees with sufficient qualifications, including education, health, quality, sense of discipline..., are chosen, when their training begins the training centers will be able to set aside plenty of time for teaching and learning; at the same time, the trainees themselves will be conscious of their responsibilities during the training period. As for the replacement of troops at the end of their term of service, the Navy holds that this question depends on the time and results of recruitment and the training time of training centers as well as on the grass-roots units' capability to organize the use of the contingent of technical personnel. If everything is done in strict accordance with the set plans and schedules, we still can ensure good performance of the task of replacing the technical personnel of the Navy's various forces.

To open the first pilot training class in 1991, the technical personnel training centers and stations in Cat Lai, Ha Long, Danang... have begun to carry out their work in accordance with the new training process and have obtained good initial results in various fields including the selection of trainees; the determination of the time, contents, and programs of training; and the provision of material supplies and equipment for use in training.

Military Region Building Up Self-Defense Forces

922E0034B Hanoi QUAN DOI NHAN DAN
in Vietnamese 20 Sep 91 p 2

[Interview with Major General Vu Ba, director of the Militia and Self-Defense Forces Department of the Ministry of National Defense, by Huynh Kim; place and date not given: "The 9th Military Region Builds Up Militia and Self-Defense Forces in the Right Direction and With Ever Higher Quality"]

[Text] [Huynh] You have surveyed a number of villages and districts in the 9th Military Region. What are your observations?

[Vu] Recently I went to the villages of Xuan To, Vinh Te, Tan Hoi, Thuong Phuoc 1.... I have found that, in regard to the organization of militia and self-defense forces, the military region's guiding orientation of reducing their quantity, improving their quality, and making their staff

compact is correct. In addition to infantry, the militia and self-defense forces in those localities also include other armed branches such as signal teams and reconnaissance teams. I think that reconnaissance and military intelligence teams are highly necessary for the maintenance of public order and security. Some localities have even organized air defense, mortar, and recoilless rifle teams, which are well trained in maintaining combat readiness. Many localities and establishments have been very active and creative. Their first creation is the organization of the defense party chapter comprising the party members of the village military command, the secretary of the village party committee, the chairman of the village people's committee, and the chief of the village public security forces. In some other places, even party members of the mobile platoons join the defense party chapter. We would like to suggest that the military region's political organ study the form or organization of this party chapter for possible general application.

Their second creation is the mobile militia platoon. Here, this unit has a tight form of organization and its members are selected in the same way as regular soldiers are. The platoon is composed chiefly of people in the 22-27 age bracket, whom we are still not in a position to recruit for the Army. Also included in this platoon are youths 18-21 years old who have been screened out several times in various troop recruitment drives because of their limited physical fitness. Once a platoon member is selected, his case will be examined by the Military Service Council, discussed by the people, reviewed by the party committee echelon concerned, and finally submitted to the upper-level military organ for decision. In some localities, it even has become a general practice for any youth who has satisfactorily completed five years of service as a member of such a mobile militia platoon to be possibly exempted from two years of labor obligation, from military service, and from community labor. This mobile militia force has operated very well; its members are dressed and work in the same way as regular soldiers. Naturally, these militiamen stay on duty on a rotational basis and do not completely give up production work. They function exactly as "village soldiers," who, if need be, can be mobilized by the districts to serve as "district soldiers," as it has been done in Dong Thap Province.

It is heartening to see that the party committee echelons and administrations of various provinces, districts, and villages have been able to pay attention to caring for their militia forces' livelihood. They have not only motivated militiamen to fulfill their responsibility to defend their birthplaces but have also paid attention to their material life and have adopted regulations on implementing a policy of preferential treatment for the benefit of the militiamen. A number of villages have given militiamen cropland and lakes and ponds for production purposes. Some villages have offered them 5-10 million dong as capital for economic activities and have collected an annual revenue of 10-15 million dong, which are added to the militiamen's food pay quotas,

thereby improving their living standards. Owing to their improved living conditions, the mobile militiamen have operated efficiently in close coordination with the various sections, branches, and mass organizations in their villages. Besides, the 9th Military Region has also done a good job of implementing the joint circulars of the ministries of defense and finance, such as Circular No. 598, which clearly determines that a militiaman who has to give up production work to attend to his official duties is entitled to an allowance; Circular No. 02 on the defense budget of localities....

[Huynh] But certainly there must be something that still causes you concern?

[Vu] That is right. First, it is the quality of the militia and self-defense forces. Although the defense party chapter has been set up to provide leadership, and although the comrade secretary of the village's party committee now serves as the political officer of the village's military unit, I still have seen that too few party members have joined the militia forces, especially the mobile militia units. In many places, there are no party members in the mobile militia platoons.

Second, a militia force worthy of its name must have both male and female members. But in many localities, there are no women serving in the mobile platoon and even in the stationary militia units, and this despite the fact that, as its tradition has shown, the 9th Military region used to have a long-haired army unit that once operated very strongly.

Besides, I have seen that the in-place militia force is still much weaker than the mobile militia force. We often say that the in-place force is the most important and can engage the enemy in the most timely manner. However, at present the in-place militia forces in many border villages and even those farther inland have not been given due attention.

What I am still worrying about is that protective trees have not been grown on many road sections along the coast and the border, and that the fact of the countryside has not changed much. The spiritual and cultural lives of the people have not been improved, especially in those places where only a single rice crop is still being grown annually.

We believe that the villages, districts, and provinces in the 9th Military Region will draw experience from their past achievements and will work together to build up their militia forces and to ceaselessly improve their quality.

Article Discusses Desertion, Solutions

922E0034A Hanoi QUAN DOI NHAN DAN
in Vietnamese 19 Sep 91 p 2

[Article by Do Tu Vien: "Desertion: Its Causes and Measures To Overcome It"]

[Text] Desertion is causing great concern among party organizations and command echelons in the 9th Military

Region. Through our direct study of soldiers in various detachments and our exchanges of views with a number of cadres at the grass roots as well as in regimental organs, and also on the basis of our personal observations, the causes of desertion can be classified as follows: 25 percent are due to homesickness, 25 percent due to inability to put up with restrictions and difficult living conditions, 45 percent due to cadres' irresponsibility and unfair treatment, and the remaining 5 percent due to family influence. In our opinion, we can overcome desertion with the following measures:

Army units are where soldiers are fostered, managed, and educated. Party committee echelons and commanders at all levels must care for both the spiritual and material lives of soldiers so that they may really consider their units as their intimate families. With regard to spiritual life, there should be sufficient assorted books and periodicals suitable for youth, and enough musical instruments, sporting equipment, chessboards, playing cards, and radio and television sets for soldiers to have fun and enjoy themselves. No idle time should be allowed because it may easily make soldiers pensive, pessimistic, vacillate, and eventually desert. Soldiers' political and spiritual interests should be appropriately combined with their material interests as conditions permit. In the current socioeconomic situation, it would be more effective to reward a progressive individual or an outstanding emulator with leave, with early promotion, or simply with a ticket to a movie, a play, or a sporting event, and so forth, than merely to give him a letter of commendation, a diploma of merit, or a round of applause (some units have done so to good effect).

Concerning soldiers' current material life, their salary, allowances, and food pay are limited, while prices keep increasing daily. Pending a reform of the compensation system by the state, units must take the initiative to overcome difficulties and to ensure sufficient (or nearly sufficient) regular food supplies for troops. They must organize the growing of vegetables, root crops, and fruit trees around kitchens according to seasons, and planting must be carried out in a planned fashion to avoid waste during harvest and to cut the amount of money needed to buy vegetables from the market. Chicken breeding must be organized at squad and platoon levels and fish and hogs must be raised at the company and battalion levels and by collective kitchens. Regiments should raise cattle or goats, and so forth. Products must also be used in a planned and organized fashion. Animal raising and harvesting should not be done individually as they are at present, nor should product be consumed all at once with nothing set aside to prevent future shortages.

Especially important is that cadres at all levels must show a high sense of responsibility in managing, commanding, and educating their men. They must strictly, fully, and satisfactorily maintain all daily and weekly operating procedures and avoid enforcing them superficially and perfunctorily and allowing soldiers to do as they please, thus making it easy for negativism to arise.

They must treat all their men fairly and equally so that soldiers of the same units or of different units will not compare with one another. Squad, platoon, and company cadres must regularly stay close to their units and their training grounds, and must eat, live, and work together with their men and join them in all activities in order to promptly find out the change in each person's thinking, thereby working out measures for close and correct command and leadership so that soldiers may really consider their units as their homes and cadres as their relatives. Once a leader or commander has won the trust of his men, they will reveal their thinking to him themselves. All cases of desertion must be reported and dealt with promptly and fairly to ensure good educational effect. Leaders of those squads and platoons that have deserters should be fully entrusted with the task of going to the localities concerned and joining them in persuading the deserters to return to their units. Units doing mass mobilization work in the field should attach special importance to propagandizing the Law on Military Service whether the locality in which they are working is a source of their troop replenishment or not.

On the part of localities, families, schools, and social organizations, the localities should not think that their responsibility ends once they have completed delivering recruits for induction. Aside from satisfactorily implementing various Army rear policies such as arranging employment on a priority basis for servicemen who have completed their military service, creating conditions for the families of soldiers on active duty to make a living, devoting themselves to work related to war invalids and fallen soldiers, and so forth. They should organize for the various mass organizations and even for the party committee echelons and administration to fraternize with Army units stationed in their localities. On holidays and festive occasions, they should organize visits to soldiers from their localities and meet, exchange views, and discuss with the responsible units measures aimed at coordinating efforts in managing servicemen on active duty. The localities must tightly manage households and their members, especially those of draft age, and must strictly and justly deal with those youths and families who deliberately avoid abiding by the Law on Military Service. Both the locality and the family are responsible for educating and motivating their youngsters to serve with peace of mind in the Army in accordance with the newly promulgated law. At present, in some places that have deserters, the localities concerned only make them pay a fine to close their cases. It is not good to do so because the Law on Military Service applies to all citizens of draft age and is not binding only on poor people's children. The Ho Chi Minh Communist Youth Union and schools (especially at the general high school level) should attach importance to educating youths and students as soon as they are 15 in the Law on Military Service. We should apply the experience of some countries where youths who have finished high school or who are 18 years old must absolutely fulfill their military

service before they may continue their schooling or work (of course, except the cases of deferment or exemption stipulated by the law).

Thus, units are the prerequisite, but localities, families, schools, and social organizations also play an important role in the management of soldiers on active duty. Tight and uniform coordination and satisfactory handling of the close relations among Army units, localities, families, schools, and social organizations will certainly have a good impact on curbing and ending the present state of desertion.

ECONOMIC

Monthly Reports on Exports, Joint Ventures

92SE0048A Hanoi VIETNAM COURIER in English
Oct 91 p 11

[Excerpts] [passage omitted]

- Five million metres of fabrics and 3.9 million articles of clothing were exported to Germany, Switzerland, Sweden, Canada, Taiwan, Hong Kong, South Korea, the Soviet Union, Singapore from the products of the Viet Thang Textile Mill in Ho Chi Minh City during the first nine months of 1991. The mill is striving to turn out 13 million U.S. dollars of export products in the whole year.
- An assembly line of digital-operated switchboards (TDX-1B) has just been put into operation by the Vietnam Post and Telecommunications General Department. This is a project carried out for the first time in Vietnam with the cooperation of the South Korean Gold Stars Firm. It will provide the Vietnamese Postal Service with the possibility of assembling modern switchboards of all types with a volume of 22,000 telephone numbers each, thus meeting future requirements for telephone calls from province to district level. [passage omitted]
- The VMC car assembly joint venture has just been set up with the partnership of the Hoa Binh Car Factory and the General Corporation for Production and Import-Export of Transport and Communications

Means (on the Vietnamese side), and The Colombian Motor Co. and the Jumex Pan-Pacific Co. (on the Philippine side). The ratio of capital contribution by the Vietnamese and Philippine sides is 30 to 70. This joint venture is expected to complete the assembly of 11,000 cars of various types by the end of 1994. [passage omitted]

- The Vietnam-Korea Silk Processing Factory (VIKOSERI) is now under construction. The Government of the Democratic People's Republic of Korea has made a capital investment of over 2.5 million U.S. dollars in this project. According to the design, the factory will have a total floor space of 15,000 sq. m. and will be equipped with modern automatic machines. The designed capacity of production is 300 tonnes of silk/year.

Article on Increases in Exchange Rate, Gold Price

92ZE0011A Hanoi QUAN DOI NHAN DAN THU BAY
in Vietnamese 17 Aug 91 p 8

[Nhi Thach article: "Let's Try To Find a Solution to a Burning Economic Situation—Is It True That Explosive Inflation Has Caused the Prices of Dollar and Gold To Skyrocket? What Should Be Done To Achieve Stability?"]

[Text] The price of the U.S. dollar has increased continuously since early this year. In June and July, the prices of both gold and the U.S. dollar rose at a fairly high speed. For a few days in late July their prices shot up almost in a sudden fashion with gold selling at about 450,000 dong for one chi [3.78 grams] and the U.S. dollar at 9,500 dong for one dollar. This has given rise to no small amount of anxiety, uneasiness, and speculation among the public and responsible persons. There is now a host of contentions that it is the explosive inflation and the depreciation of the Vietnamese currency that have caused the prices of gold and the U.S. dollar to skyrocket. Is it really so?

Let us take a look at the rate of increases in the prices of commodities, services, gold, and the U.S. dollar (calculated in percentage in comparison with the preceeding months) in the first six months of this year:

| Month | 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| Commodities, services | 113.2 | 108.7 | 100.5 | 102.2 | 105.0 | 101.7 |
| Gold | 111.8 | 100.5 | 96.6 | 98.5 | 101.5 | 106.1 |
| U.S. dollar | 109.7 | 101.2 | 103.4 | 101.6 | 102.8 | 106.5 |

In the recent months the rate of increase of the overall prices of commodities and services remained rather low and relatively stable, reflecting the general price level; or, to put it in another way, the total demand for commodities and services that could be paid for (or the total amount of money needed to pay for them) has stabilized. This result testified to the considerable efforts made by the government in handling the monetary policy and in fighting inflation, of which the most significant was the

cessation of the issuance of banknotes to make up for budget deficits. The inflation index (price increase index) was low and stable, and the stable value of paper money helped stabilize or even lower gold price because the value of gold as a hedge against high inflation had been greatly reduced.

However, the fact that the price of the U.S. dollar has risen continuously and has always exceeded the rate of

increase in gold price has gradually widened the gap between the prices of gold and dollar, with the price of the dollar gradually rising above that of gold. In Hanoi, the price of 100 U.S. dollars calculated in gold was, in January: 7.75 grams; in February: 8.05 grams; in March: 8.55 grams; in April: 8.73 grams; in May: 8.80 grams; and in June: 8.84 grams. There has been a similar situation in other localities. This price level was fairly high compared to the one that has prevailed since the last five years of the 1980's to this day. This price relationship proves that a new era of the U.S. dollar has begun and that the internal situation of the economy is abnormal. In early 1991, when the need to import materials and goods for the development of production and for domestic consumption continued to increase, the entire East European market where the ruble was used for payments was reduced in size. Therefore, we had to shift most of our trade exchanges to the Zone II market, where transactions are conducted in U.S. dollars. Moreover, even if the East European market had remained, it would have shifted to using the U.S. dollar in payments. That was the objective cause of the steep increase in the demand for U.S. dollars in international payments. Meanwhile, dollar supplies have seriously dwindled, chiefly because the Zone II market for our exports has not been expanded and also because the volume of our exports production has dropped. Although the volume of crude oil exported in the first six months of 1991 increased, the value of our exports was severely reduced as a result of the sharp decrease in the price of crude oil on the international market. It has been calculated that the loss of revenue from our export of crude oil amounted to no less than 60 million U.S. dollar a month. The total value of exports in the first half of this year equaled only to 31.7 percent of the target for the whole year and dropped by 32 percent compared to the corresponding period last year. For that reason, the balance of trade in the first six months of 1991 continued to remain in a state of deficit, with imports (excluding noncommercial imports and illegal cross-border imports) going up by 19.62 percent compared to exports. This analysis has shown that in our country the U.S. dollar is playing an increasingly important role in international payments and that the demand for it has been growing steadily. This is different from the situation in the previous period. The loss of equilibrium in the international balance of payments, an equilibrium mainly decided by the balance of trade, has been the most substantial cause of the constant upsurge in the price of the U.S. dollar and its steady rise about the price of gold. Although the rate of inflation has stabilized and the total demand for cash has not grown, the amount of money needed to meet the demand for dollars has sharply increased, prompting the dollar price itself to rise steadily at a rate exceeding that of the overall increase in the prices of commodities and other services. In Thailand, the situation has developed in a somewhat different fashion from the occurrences in our country, but the nature of the developments is the same, that is, in Thailand the dollar price has been veering away from the rate of inflation, but in the opposite direction. The annual rate of inflation is 5-7

percent, or higher in some years, but the value of the Thai baht has still risen above that of the U.S. dollar. The chief cause of this is that Thailand's international balance of payments has always been positive, a situation decided by the fact that its exports have always surpassed imports and that the dollar supply has always exceeded demand.

When pressure is building up for a steep increase in the dollar price, even events of a purely psychological, noneconomic nature could provoke a dollar price explosion that would also push up the price of gold, which is an import requiring a dollar input. Although the recent cut in the interest rate for savings was completely right (at a time when the price increase index was going down and when the profit-making capability of capital remained low...), it constituted a factor that has caused worries among large sections of the public and led to a halt in savings deposits and, worse still, to the withdrawals of savings to buy up dollars and gold. The baseless rumors spread recently by bad people, for speculative and profit-seeking purposes, about currency changes and about the issuance of large-denomination banknotes have also been one of the factors that have upset prices in the foreign currency and gold market.

Many people and public opinion have suggested measures to stabilize U.S. dollar and gold prices, but it is extremely important and necessary to determine a correct general orientation and to avoid incoherent, piecemeal approaches that fail to accurately diagnose the illness. Reducing the deficit in the international balance of payments by eliminating the import-export imbalance is a correct orientation for guiding the formulation of specific administrative and managerial measures of which the most important is the concretization of the various policies aimed at encouraging exports and the production of substitutes for imports, and at curtailing imports, including noncommercial imports and illegal across-the-border imports.

Because the current level of the dollar price is high, and if it continues to rise, in the days ahead the price of all materials (which constitute the input of production)—and in the immediate future, the price of imported materials as well—will be inevitably pushed up. Production will face difficulties, especially regarding capital supply and in setting selling prices for products. To save production from this danger, the government will have to endure tremendous pressure. Either it will have to loosen its tight money policy, put more money into circulation through the credit channel, and allocate more capital for production, thereby provoking an inflation explosion and further raising gold and U.S. dollar prices sharply; or to allow production to stagnate, or even to recede. But in the latter case, it might pick out business concerns that operate with efficiency so as to steadily increase national income and eventually turn them into the key, important contributors to restoring the equilibrium of the country's balance of trade and international

balance of payments at an early date. All the people are eagerly awaiting the solution to be chosen by the government.

Official Comments on Import-Export Activities

922E0012A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 10 Sep 91 pp 1, 2

[Article by Nguyen Duy Lo, deputy director general of the Vietnam Foreign Trade Bank: "Resolution of the Seventh Party Congress Introduced Into Life—We Must Quickly Rearrange and Renovate Import-Export Business Organizations"]

[Text] The Political Report presented by the Sixth Central Committee of the Communist Party of Vietnam [CPV] at the Seventh National CPV Congress of Delegates noted: "The first achievement in the economic field is that noticeable progress has been made in realizing the targets of the three economic programs (for grain and foodstuffs, consumer goods, export goods).... External economic relations have developed expeditiously, have further broadened their scope and form, and have made an important contribution to achieving the various socioeconomic objectives." On that basis, the party has set forth the main orientation and tasks for the five-year period from 1991 to 1995, reaffirming that it will continue to strongly push forward the production of consumer goods and export goods to meet demands for diversified, ever higher-quality goods, thus satisfactorily providing for domestic consumption and for export.... This is totally correct and conforms to reality. However, in my capacity as a man closely connected with the import-export units, I think that it is necessary to quickly renovate import-export operations and rearrange the import-export organizations if the efficiency of this leading economic sector is to be heightened. Realities over the past years have shown that we cannot continue to maintain the current mechanism of import-export business organization. This mechanism constitutes a pattern of scattered, fragmented organization, with too many business establishments directly engaging in import-export activities in the same area as well as in importing and exporting the same kinds of goods. The consequence is that the country's interests are hurt as the prices of its exports are depressed by other countries which also raise the prices of goods we import because we compete with one another to obtain them for sale. Meanwhile, inside the country, competition in buying imports results in their prices being pushed up to a level not in conformity to their real value. It has been impossible to develop the spirit of doing business and making investments on a long-term basis to reap great results. Business activities are marked by a short-term "service" character and redundancy.

For our national economy, the biggest difficulty during the past two years has been the question of export market. We are located in the region of newly industrialized countries (NIC), sharing the same climatic zone and having the same kinds of export products. The

export business requires investment, production organization, capital, and techniques. We have done this in accordance with the new policies and positions, including the broadening of investment projects in joint ventures with foreign countries. But if we do not resolve the question of foreign market, and with our present import-export organization pattern, we will create a lot of confusion in international relations and in our relations with the foreign market. The foreign market is a very big, very decisive, and very basic problem. If we do not have a stable and long-lasting foreign market, no domestic investment policy is possible, and no one dares to invest in any types of branches of goods.

According to the concept of strongly pushing forward the production of export goods, all units directly engaging in import-export business must enter into joint ventures or form associations with local production establishments. Producers themselves must be highly alert and responsive to the foreign market's demand for quality, types of goods, and product specifications, as well as its taste. But this does not mean that anyone who produces goods must be allowed to sell them directly to foreign countries. We must resolve the problem of overseas marketing in a different way. It is not true that any producer must directly export his goods in order to capture the foreign market. Therefore, we should firmly maintain the system that calls for ensuring the provision of capital, techniques, and favorable domestic conditions and policies for production establishments. We must allow production establishments to approach the foreign market by participating in contract signing; carrying out market study; taking part in fairs, publicity drives, exhibitions, and so forth... or by getting into contact with foreign businessmen. However, if all the five productive economic sectors take part in direct export activities, horrible disorder will result, making our country's trade relations with foreign countries unmanageable. In view of the aforementioned state of affairs and concept, I think that specialized import-export trading business organizations must be set up to take charge of import-export trading activities. But these organizations must closely link their operations with those of the local production establishments, thereby creating proper conditions for the latter to associate with one another in making investments to develop domestic production. At the same time, they must specialize in establishing relations with the foreign market, building lasting ties with it, conducting strategic studies, and coping with various situations so as to ensure the best interests of the nation and of our production and trading activities. Regarding those producers who are authorized to directly engage in import-export activities, their number should be reduced. Only major producers who operate on a national scale and who have sizable export goods values and cadres with sufficient professional knowledge in the field of foreign trade will continue to be allowed to directly import or export goods, but they must be subjected to very stringent regulation. In addition, we must definitely implement the concept that not every production unit should be permitted to participate in export

activities, for example, rice producers must directly export rice and coffee producers must take part in the direct export of coffee. It should not necessarily be that way because a great many sectors take part in rice and coffee production. A province that exports rice is in fact an organization that collects rice from peasants who produce it. It does not mean that any province that produces rice must take part in the direct export of rice. Therefore, there should be large organizations specializing in the trading of rice for export that can associate the central level with localities and resolve the domestic investment problem in order to step up the production of rice for export. For example, these organizations could provide fertilizers, insecticides, farm machines ... to ensure the interests of producers. On their part, export organizations must calculate so as to ensure the balance between domestic demand and the need for exports and to work out a strategy to develop the market and protect national interests. To this end, there must be centralized organizations. If organizations are scattered, terrible losses and damage would result. For this reason, when determining export quotas we must ensure the balance between market demand and domestic production. Export quotas for specific kinds of goods will be determined by the organizations specializing in the trading of these kinds of goods. We must avoid the situation in which export quotas are allocated but there is no foreign market or goods are not available in the country. A practice that is different from the past and that should be adopted is that specialized trading organizations are not to function as intermediaries to make handsome profits or to get good commission, but they must enter into joint ventures and form associations with local organizations and domestic production establishments to create stable and steady sources of goods. These organizations must make investment to really support domestic production; policies on pricing, on requisition-purchase, and on investment for raw materials and technical renovation to stabilize and highly develop domestic production.

Recently, because of the thought of small, scattered, and fragmented production, any establishment that produced goods was given quotas for direct export. This has resulted in failure and losses. Therefore, it is necessary to organize closed branches of goods that extend from the domestic production operations to the overseas market, regardless of their being a central or local establishment. According to the method of organizing economic units in a vertical pattern nationwide, we can divide branches of goods according to territorial zones if they are too large. For example, Ho Chi Minh City has organized the processing of aquatic products as a separate branch of goods. But it should be understood that this branch is responsible for making investment to develop the catching and farming of aquatic and marine products, and that it is not supposed to simply sit back and buy up products from various localities for processing. Naturally, all the foreign currency earned by branches of goods from their exports must be resold to the commercial banks, and these banks are responsible for fully

meeting the demand of goods branches for foreign currency so that they may ensure the development of export goods production, make in-depth investment, and carry out expanded reproduction in the goods branches. As the export of goods according to goods branches will result in a surplus of foreign currency, this surplus will be used to meet various socioeconomic demands as well as the demands of those branches which do not bring in foreign currency but have a need for it. As a consequence, it would be more convenient and easier to manage foreign currency and achieve the balance of its supply on the macro scale to various goods production branches to meet their needs for imports. On this basis, proper conditions will be created for those banks which are authorized to trade in foreign currency to provide more concentrated service for export goods production branches. The banks' specialized and in-depth professional services and their credit funds will also be concentrated more effectively and easier to manage.

Concerning import, we cannot lump export and import together in one organization. There must be a specialized branch for import. For this reason, those export goods production branches which need raw materials, spare parts, equipment, and other materials for their own use must buy them through the intermediary of the specialized import organizations and should not operate in accordance with the closed-door viewpoint. We cannot follow the practice that anyone who exports rice must import pesticides. Proceeding from this concept, we must determine what kinds of imports could be replaced by goods produced by ourselves and what we should continue to import because it is more economical to do so. This will enable us to devise a foreign-currency-for-import plan to ensure regular, sufficient dollar supplies for the economy and export goods production branches.

In the years ahead, maybe for the next five to 10 years, revamping the organizational pattern of import-export organizations will be an urgent requirement. Concrete measures should also be adopted to resolve the remaining problems in the relations between the economic units in the country. We should clearly distinguish between the need to develop an organizational pattern for import units of various goods branches, which is a macroeconomic management concept aimed at serving the interests of economic development, and the specific remaining problems between economic units in the country which have a concrete economic professional character.

State-Run Trade in Ho Chi Minh City

92SE0048B Hanoi VIETNAM COURIER in English
Oct 91 p 7

[Text] From late 1988, with the shift to a market mechanism, State-run trade in Ho Chi Minh City underwent a period of fierce trial. Quite a few State-run commercial companies and shops, especially those at

district level, incurred losses or even went bankrupt. Many State-run shops lost ground and were replaced by private ones.

On the nationwide scale, the State-run retail trade dropped from 70-80 per cent of the total turnover to 21 per cent in 1989. Meanwhile, private trade activities rapidly developed. The contingent of private traders rose from 560,000 persons in 1986 to 810,000 persons in 1990, with a turnover of 11,890 billion *dong* accounting for 64 per cent of the total social retail value. In the first six months of this year the retail turnover of private trade was 8,870 billion *dong* or 70 per cent of the total social sale value.

A hard nut to crack is that the absence of the State-run trade would make the Ho Chi Minh City's market a completely floating and unorganized one, and eventually one of ever changing prices. Such a situation happened previously on the occasion of the Lunar New Year when the price of meat in the market sky-rocketed in the absence of supply from State-run trade. Other staple goods such as sugar, milk, rice, kerosene, petrol... were in similar conditions. Only after a few hours of absence of the goods provided by the State-run trade, prices were shot up by private traders, creating difficulties to the consumers. It is to be noted that passing to the market mechanism, the State-run retail trade represents a small percentage, but covers essential commodities making an important contribution to market regulation.

A fact should be recognized: after the initial unstable period, many State-run commercial units have stood firm in a multi-sector commodity economy and are doing a thriving business. They are the City-based general companies under the Ministry of Trade and Tourism such as the General Company of Agricultural Products, the General Company of Foodstuffs; or companies under the City Trade Service such as the Department Stores, the Vissan Import-Export Corporation, the Vinabico Confectionery Enterprise, etc. A strong point of these units lies in their making the most of the capital, collaborating with production units in the country, basing their business chiefly on home products, winning the trust of their customers, and step by step expanding the markets in the country and abroad.

The General Company of Agricultural Products specialized in trading seasonal agricultural products underwent a difficult period, incurring a loss of six billion *dong* when shifting from the subsidized mechanism to the market one. Recently, it has concentrated its activities on the home market considering it as its main area of business. It has carried out medium-and small-scale transactions instead of major ones. It has dealt mainly in agricultural products, gradually striving to become the main supplier of agricultural products to the northern provinces, thus making an important contribution to the stabilization of the prices of agricultural products throughout the country. In 1990 the Company could

stand on its feet and ran a profitable business. In the first six months of this year, it contributed 429 million *dong* to the State budget.

The General Company of Foodstuffs has been entrusted by the State with the provision of three commodities: sugar, milk and pork. With a modest capital of only 13 billion *dong*, it has made tremendous efforts to check sudden price rises. In 1989 with more than 10,000 tonnes of sugar in stock it could check in time sugar dearth although at the prices a loss of four billion *dong*.

The Ho Chi Minh City's Company of Department Stores faced danger of disbandment when shifted to the market mechanism. Yet after two years of activity, it obtained a sale turnover of 140 billion *dong*. The figure has now reached 180 billion *dong*. Besides, it has contributed 1.2 billion *dong* to the State budget. The monthly per capita income of the Company's workers and employees has risen from 30,000 *dong* to 200,000 *dong*.

It is obvious that the shift to a market mechanism has exerted a great effect on production, business and goods' circulation. The competition among various economic sectors has boosted the process of renewal, encouraged State-run units to get adapted to the market mechanism, to work out measures to secure sources of goods from production units, to use the capital in a rational way, to reduce expenditures with a view to obtaining efficiency in business.

However, it is to be noted that the State-run trade is being engaged in an unequal competition with private traders. The State-run trade's infrastructure, particularly the network of retail shops established previously have become outdated. Many shops and storehouses have become idle. It is difficult to put them on sale for they were built at inconvenient places. Besides, the State-run trade has to pay a fairly high interest rate to the State budget. Meanwhile, the private trade has an advantage over the State-run trade in regard to capital, material basis and mode of business. Private traders can also make use of sudden strains in the market for speculations and hoarding. They have managed to evade taxes. In face of this situation the State should exert a closer control over private traders, strictly punish those who evade taxes, thereby creating favourable conditions for equal competition among the various economic sectors.

Role of Industries in City's Future Cited

922E0029A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 27 Sep 91 pp 1, 2

[Article by Tran Ngoc Con: "Industry in the Central Role of Ho Chi Minh City"]

[Text] Ho Chi Minh City is one of the major centers of the nation and of the Nam Bo region. In addition to its strategic economic-social-political position the city also has "grey matter" and vocational skills potential and combined production capability. It is an international transportation hub and a hub of domestic trade. The city has scientific-technical centers that are dynamic in

assimilating new things from the outside and applying them to actual production and commerce and to political-social life, in a flexible, creative way. The city's industry serves as a catalyst.

With the renovation policy the city rapidly entered into renovation, beginning with industrial production and commerce. The city has prospered at a rapid pace in transforming itself in production, commerce, investment, and cooperation. As we look toward the year 2000, what is the situation of the city in general and industry in particular?

With a population of between 4.2 and 4.3 million—6.11 percent of the nation's population—of which the labor force accounts for 52 percent—4.99 percent of the nation's workers—the city accounts for 19.5 percent of the total social production, 18.15 percent of the national income, more than 30 percent of the domestic budgetary income, 33 percent of the value of industrial-small industry-handicrafts production, more than 40 percent of wholesale and retail sales, and more than 35 percent of the currency in circulation in the nation. Those statistics include some accidental factors, but if they are skillfully applied they will create notable resources for development. They include more than 200,000 families of overseas Vietnamese and more than 500,000 Vietnamese of Chinese origin, who are knowledgeable about commerce, reliable sources of information, and a valuable source of capital, grey matter, and foreign exchange. In addition to natural resources and labor potential, the financial capital potential in the city amounts to about six to ten million taels of gold. Commerce, an important element which stimulates the development of production, is now at the highest level in the nation, corresponding to an average income of 400 to 500 USD per person per year.

The city is the center of the natural resources-rich Nam Bo region. The development of the city is the precondition and launching pad for the region's take-off. And, vice versa, the all-round development of the region will create strength for the city. The coming decade will be a period in which the city affirms its central role, with industry as the nucleus. In order to accomplish that, the economic growth rate must average 10 to 12 percent a year, which will increase the city's per-capita income to between 600 and 700 USD after five years and between 1,000 and 1,200 USD before the beginning of the next century. The social factors guaranteeing that growth are raising the people's educational level and making the elementary general school level universal among youths, who must have vocational training before starting out in life. The population must be controlled so that by the year 2000 it is no greater than 5.5 million and the problem of providing employment must be essentially resolved. In order to take more initiative in achieving continuous development, the level of accumulation from within the economy must amount to between 20 and 22 percent of the national income.

Against that background, between now and the year 2000 the city's industry has the responsibility of contributing importantly to create the motive force for accelerating development in the direction set by the seventh party congress. The city's industry must affirm itself by creating the optimal industrial-small industry-handicrafts structure on the basis of awakening the rich potential and transforming it into a real source of strength and revive the traditional trade relationships, within Vietnam and with foreign countries, that existed prior to 1975, and develop creatively and flexibly the new sources of investment that arise because of the renovation policy, on the basis of our country's stable political-social base.

The city's industrial structure will develop in three directions, first of all by contributing to mechanizing the agricultural, forestry, and fishing sectors of the Nam Bo delta, the Central Highlands, and the southern part of central Vietnam. During the last decade of the century that important front will require the rapid development of the machinery industry in order to increase the crop and livestock yields and production, and to store and process high-quality commodity products. In addition to developing production in that sector there is need to improve the quality and quantity of manufactured consumer goods. That requires the city's industry to rapidly renovate its technology and change over from small-scale production to large-scale mass production.

In the future, when the national income increases and we have great purchasing power, our country will be an attractive consumer market. But at present it is a good place for investment in production and the contracted production of export goods, which will create jobs and rapidly increase incomes in order to improve the people's living standards, and rapidly increase the accumulation of foreign exchange by means of exports. Labor will be invested in export production, tourist services, telecommunications, transportation, etc. Furthermore, major deficiencies of the young market economy that had just taken form prior to the liberation, under wartime conditions, were that it was completely dependent on the outside for raw materials to produce consumer goods and it lacked manufacturing machinery. The South prior to 1975 was not only a market for the consumption of high-value, luxury consumer goods but was also a market for the consumption of raw materials in the form of semi-finished products. In order to overcome those deficiencies attention must be paid to creating industrial sectors to produce raw materials and raw materials in the form of semi-finished products, to meet the increasingly greater needs of the sectors producing consumer goods and export goods. Thus, like it or not, it is still necessary to cooperate with foreign countries to obtain the investment, equipment, and technology we need.

In addition to those two directions, the city's industrial structure has another rather important direction of development: building new high-tech industrial sectors to meet in a timely manner the needs of the other sectors

for advanced technology, such as electronics, informatics, and petrochemistry. Those high-tech industrial sectors are still new but will penetrate deeply and broadly into the advanced technology of the other sectors. Therefore, as far as Vietnam is concerned they are sectors of the future but we must make preparations now with regard to grey matter and vocational skills.

In sum, the city's industry is moving toward the year 2000 in three developmental directions in order to form an optimal structure and affirm that it is a regional center. Those three directions are combined harmoniously in development, in order to create strength to stimulate the transformation of potential into sources of combined strength. That strategic orientation is not only manifested in specific development plans for each sphere and in appropriate steps for each period, but also affirms the priority goal of attracting foreign and domestic investment.

SOCIAL

Article Discusses Population Migration Patterns

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[Text] An irrational distribution of population, vast areas of fallow land, untapped agricultural and industrial potentialities, the pressure of population explosion..., all this has made the moving of the population from densely populated areas to thinly populated ones a consistent policy of the Vietnamese State. In the past thirty years, good and bad experiences have been scored in this connection. How will this State policy be carried out in the coming years?

Thirty years ago Vietnam started mobilizing people with the youth force as the core, in densely populated lowland areas, to reclaim fallow-lands in the thinly populated midland, and mountainous regions, which are rich in agricultural—forest potentialities.

In the 1961-1975 period, people were moved mainly from the Red River delta provinces to the northern upland and mountainous region. During that period, the State made only part of the investment. The districts or communes in the delta and in the mountainous areas contributed to the work by investing their own funds in land reclamation, of course on a small scale.

After 1975, the migration was carried on, now mainly by moving people in a North-South direction. In the 1976-1980 period, the migration campaign was intensively and widely developed. State investment increased too. People were moved mainly from Red River delta provinces, Hanoi, Ho Chi Minh City, Southern provinces and townships to the Central Highlands, Eastern Nam Bo, the Mekong River delta and other thinly populated areas. The primary objective was land reclamation, expansion of cultivated areas in a collective form. A number of regions under specialized cultivation were

thus established, but the results did not correspond to the manpower and capital invested. On the other hand, lack of due attention to the protection of the environment and to the management of the land led to rapid degeneration or erosion; a no small area of forest was devastated, with disastrous consequences for eco-environment.

In the 1981-1990 period, the experiences having been drawn, the migration work took a new orientation. Instead of massive resettlement in remote areas, it was now carried out within the limits of provinces, districts and communes. If in the 1976-1980 period, new settlers outside the provincial limits and those within the provinces were in a proportion of 70 to 30 per cent, the figures were reversed in the 1981-1990 period. In recent years, a migration drive to coastal areas was successfully conducted in many provinces: Quang Ninh, Hai Phong, Thai Binh, Ha Nam Ninh, Minh Hai, Khanh Hoa, Cuu Long... In these areas, most of the capital and labour were concentrated on sea and aquatic product catching or breeding, turning out foodstuffs for export. Thanks to this correct change, in recent years when the Vietnamese economy had been facing crisis and financial difficulties, the scale and speed of migration have not decreased; production and the living conditions of the migrants have been improved; the number of people returning to their native land have decreased from the figure of 20-25 per cent in the 1976-1980 period to that of 13 per cent.

Thus in the past thirty years, there were 4,820,000 resettlers in new economic zones, tens of thousands of families in this number have become rich on the new land because they know how to work. In the past ten years, 100,000-120,000 jobs have been annually provided to labourers on an average. New districts, communes, and population centres have been established in formerly thinly populated provinces which are rich in natural resources. Apart from economic benefit, this drive has helped consolidate security in remote areas, and has partly changed the life in mountainous regions. Areas specializing in perennial agricultural and industrial plants have gradually taken shape; for instance, tea in Hoang Lien Son, coffee in the Central Highlands, sericulture in Lam Dong, rubber in Dong Nai and Song Be.

Land encroachments on the sea by the people of Hai Phong have put under cultivation 4,000 hectares of formerly swampy and aluminous land. In Dac Lac province, areas under submerged rice cultivation have increased from 200 hectares in 1975 to 12,000 hectares, with an annual yield of 70,000 tonnes. Rice production in Dong Thap Muoi new economic zone (Long An province) has increased from 146,000 tonnes in 1981 to 440,000 tonnes in 1988. The rubber branch, from 1981 up to now, has received 175,000 labourers. Areas under rubber cultivation have increased from 87,000 hectares at the end of 1980 to 200,000 hectares in 1987; dried latex yield has increased by 1,000 tonnes a year on an average. The coffee branch has been supplemented 40,000 labourers, increasing the cultivated areas by

58,000 hectares. Nearly half of the 150,000 households specializing in tea cultivation have been new settlers in new economic zones.

In present-day Vietnam, fallow land has an area of nearly one million hectares and 11.2 million hectares respectively in the delta and in the mountainous regions, one-third of which can be reclaimed, ameliorated, and put under cultivation. On the other hand, redundancy and irrational distribution of labour now exist in Vietnam. Out of the 34 million people of working age, 1.7 million are jobless. If the redundant time of those whose jobs do not take all their working time is counted, the redundant time is equivalent to the working time of about six million labourers. Thus 7.5 million more jobs should be created for the country as a whole.

In face of this situation, the policy of moving people to new economic zones has been given an appropriate consideration in Vietnam's strategy of socio-economic development until the year 2000. Its objective has been to redistribute the population, to rationally allocate the social productive forces on a nation wide scale. In order to carry out such an undertaking, we cannot do otherwise than to reorganize production, create more jobs for labourers, rationally and effectively use the people's capital and abundant labour force. Only in this way can natural resources be effectively exploited, eco-environment restored, and more commodities produced for society.

With a view to achieving the above-mentioned objectives, the State has promulgated and will promulgate appropriate laws and policies, for instance, we can mention the law on investment, the law on tax remissions for the new lands, the law on food relief, etc. At the same time the system of contractual land quota, land rent, land tender, etc., in fallow land areas will be promoted. The Ministry of Labour, War Invalids and Social Affairs is the State body mainly responsible for controlling and implementing the above-mentioned policies.

Owing to positive developments, in the first six months of 1991, in 20 key provinces of the whole country, 40,746 people have moved to, and settled down in, new economic zones, including 34,109 (7,172 households) and 6,637 (1,370 households) new settlers respectively inside and outside their own provinces: 1,747 hectares of land have been reclaimed and capital construction carried out worth 5.2 billion *dong*, 640 million *dong* of this amount have been contributed from their own funds.

Article Reviews Land Use Situation

92SE0049C Hanoi VIETNAM COURIER in English
Oct 91 p 11

[By Hong Son]

[Text]

- The potential is not so small but great waste exists, due to an irregular repartition of labour forces.

- Agricultural land has been somewhat increasing but the per capita average has sharply decreased due to a fast population growth.

According to the latest data made public by the General Department of Land Management, the total area of natural land in Vietnam amounts to over 33 million hectares comprising mainland and islands, irregularly divided into 44 administrative units¹ in seven geographical regions. The general assessments of the state and way of using land in Vietnam over the past period have revealed many disquieting irrationalities. The two weakest points so far are: serious imbalance of the population repartition with regard to the area of natural land and unuse of large land areas left unreclaimed. Indeed, out of the total of over 33 million hectares of natural land, over 18 million, i.e. 55 per cent, have been put to use and the remaining 15 million, i.e. 45 per cent, have not yet been used. The area that has the highest percentage of used land as compared with natural land is the Mekong Delta (80.15 per cent), then come the Bac Bo Delta (77.24 per cent), the Central Highlands (about 70 per cent) and the Eastern Nam Bo (66.89 per cent). The Bac Bo uplands and mountainous areas have the lowest rate (34.13 per cent).

The land in use is divided into four categories according to basic aims: agriculture, forestry, specialized use and populated land.

LAND USED IN AGRICULTURE: about 7 million hectares, i.e. 21.13 per cent of the total area of natural land, or 38.5 per cent of the total of land in use. In comparison with data collected five years ago, agricultural land has increased a little, 0.74 per cent, but this is mainly concentrated in the three upland areas of Bac Bo, Central Highlands and Mekong Delta, while it has decreased in the other regions. Agricultural land in 32 out of 44 cities and provinces has diminished. In this field, the area under cultivation has been sharply reduced, on an average, 56,000 hectares a year, especially ricefield (4.37 per cent less than in 1985), subsidiary crop land and land under short-term industrial plants. Only the land under perennial trees has increased.

LAND USED IN FORESTRY: over 9.6 million hectares, i.e. 28.33 per cent of the total area of natural land. It has decreased by 0.62 per cent as compared with five years ago. The decreased area is that of natural forest which has dropped by 2.56 per cent as compared with 1985. Though the area under afforestation has increased, it does not catch up with the high rate of exploitation which is unorganized at some places.

LAND ALLOTTED TO SPECIALIZED USE: over 0.97 million hectares. It is used in construction, communications, irrigation works, historic and cultural vestiges, exploitation of minerals and other materials, etc. Its area amounts to 2.93 per cent of that of natural land. In this

category, the land used in irrigation works and communications has the biggest area and has increased by 31 and 11.6 per cent respectively as compared with five years ago.

POPULATED LAND: over 0.81 million hectares, i.e. 2.47 per cent of natural land. It has increased by 5.8 per cent as compared with 1985. On an average, populated land has augmented by over 10,000 hectares a year. The average per capita populated land is 123 square metres.

It is worth noticing in the use of land that the total amount of used land has not increased but decreased by 0.15 per cent as compared with five years ago. The reason is that in those five years, 660,000 hectares were reclaimed but 850,000 hectares were again left waste, that is to say, the reclaimed land area is not commensurate with the lost cultivated areas.

What is the most worrying is that the average per capita land area has noticeably decreased with every passing year due to population growth. It was 0.6 hectare in 1982 when the country had 55 million inhabitants and it was only 0.5 hectare at the end of 1990 when the population rose to 66 million.

The results of the study on land resources in many scientific research programmes have made known that of the total of about 15 million hectares still let unreclaimed, 13 million can be brought into forestry and agricultural production. The potential of agricultural land is still big: from now to the year 2005, three to four million hectares of land can be put to use if good measures are taken. In face of the above situation, as far as the strategy for exploitation and use of land up to the year 2000 is concerned, we will base ourselves on intensive culture, crop multiplication, protection and good use of the existing agricultural land. On the other hand, we will pay attention to reclaiming waste land wherever possible. The repartition of labour forces and population in the entire country and in each region will also be stepped up. Especially we must exert every effort to maintain the average per capita cultivated land, particularly in the deltas and coastal areas, by lowering the natural birth rate which still threatens to reach population explosion.

Footnote

1. 44 administrative units at the level of provinces or cities directly placed under the central authority: data prior to August 12, 1991. After this date, the figure rose to 50.

Population Growth, Employment Opportunities
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[By Hoang Xuan Quyen of the Research Center on Population and the Workforce]

[Text] According to the 1989 census, Vietnam had 1.35 million unemployed, accounting for 4 per cent of the workforce. In particular, 70 per cent of this were youngsters aged from 16-24.

It is reported that the available workforce is increasing at a rate of 3-3.5 per cent a year. As well, the economic system is shifting to a market-oriented one which requires the state sector to be streamlined and a large number of employees dismissed. It is estimated that the 1991-95 period will witness around 7.5 million people in need of jobs, an increase of 1.5 million a year. This figure probably compares with the population of a medium-sized province.

On the other hand, many people "voluntarily quit" their place of work as, according to them, the salaries paid are inadequate, while many others hold on to their jobs although the pay is too low to provide a proper living. If these persons were included in official statistics the number of unemployed would be much higher.

The population make-up is currently uneven with a high rate (39 per cent) of people below working age, and as the birth rate remains high so that the available workforce continues to increase exponentially at a rate of 3-3.5 per cent a year.

In the context of a shortage of money for investment and infrastructure, and of unskilled personnel Vietnam is finding it difficult to compete with other countries in the labour market.

To cope with increasing unemployment, Vietnam has applied many solutions such as an open-door economic policy, a mixed economy, vocational guidance and training, and renovation of the economic management system. But a long-term strategic solution of major socio-economic importance is birth control. In any plan of action this solution must be given detailed consideration as to its practical significance.

Population growth is a product of the birth rate—a riddle to be solved, especially for women. The birth rate in the past was very high, meaning that youngsters now account for a significant 25 per cent of the population being of reproductive ages (15-49 year old). Each year the number of women in their reproductive years increases by 0.5 million or 3 per cent. Secondly, birth control methods have been used only by those who really do not want to have many children (in Vietnam women still desire to have three children) and who want to increase the length of time between births.

In our country 80 per cent of the population live in the countryside and are greatly influenced by the traditional idea that children are the source of a family's happiness and the supporters of parents when they grow old, and that a son is a successor to the family, so that large families, especially those with many sons, are still the rule in rural areas.

Experience has shown that it is difficult to combine concepts and deeds in the area of population control. Vietnam is now trying to make people understand that a reduction in population growth will lead to socio-economic development and create more job opportunities for working people. This is why concrete targets,

plans and methods, and properly-targeted investment are necessary.

Population must be regarded as an important issue in all development programmes and must be considered by all sectors and organizations.